

STATE OF TEXAS

§

§

COUNTY OF HARRIS

§

AFFIDAVIT OF PAT CARPENTER

BEFORE ME, the undersigned authority, on this day personally appeared Pat Carpenter, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

1. "My name is Pat Carpenter. I am over the age of eighteen years and have personal knowledge of the facts stated herein, and such facts are true and correct. I have never been convicted of a crime involving moral turpitude. I am the V.P. of Sales (Encase Legal Division) of The Document Group, Inc., a Texas corporation ('TDG'). I am a custodian of records for TDG with respect to documents related to services TDG provided to Snow Spence Green LLP ('SSG') in connection with the service of the (i) *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* filed in Case No. 16-41044 at Docket No. 154, which is attached hereto as **Exhibit 1**, (ii) *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* filed in Case No. 17-40179 at Docket No. 34, attached hereto as **Exhibit 2**, and (iii) *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* filed in Case No. 17-40180 at Docket No. 31, attached hereto as **Exhibit 3** (collectively the '9019 Motions')."

2. "SSG retained TDG to make copies of the 9019 Motions and exhibits thereto and serve those motions and exhibits via first class mail on the persons and companies identified in the Certificates of Service and Service Lists attached to the 9019 Motions. On September 21, 2017, TDG served copies of the documents attached hereto as Exhibits 1, 2, and 3, including all exhibits, in accordance with the Certificates of Service attached to the 9019 Motions."

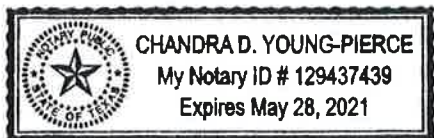
3. "TDG billed SSG for the services it provided as set forth in the invoices attached hereto as **Exhibit 4**. SSG timely paid TDG's invoices."

Further, Affiant sayeth not.

Pat Carpenter

Pat Carpenter

SWORN AND SUBSCRIBED TO BEFORE ME on this 12th day of November, 2018, to certify with witness my hand and official seal.



Chandra D. Young-Pierce

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**



IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC, PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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**JOINT MOTION TO APPROVE COMPROMISE AND SETTLEMENT
PURSUANT TO BANKRUPTCY RULE 9019**

NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AND SERVED UPON THE PARTY FILING THIS PLEADING WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH OBJECTION. IF NO OBJECTION IS TIMELY SERVED AND FILED, THIS PLEADING SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF AN OBJECTION IS FILED AND SERVED IN A TIMELY MANNER, THE COURT WILL THEREAFTER SET A HEARING. IF YOU FAIL TO APPEAR AT THE HEARING, YOUR OBJECTION MAY BE STRICKEN. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

TO THE HONORABLE BRENDA RHOADES, U. S. BANKRUPTCY JUDGE:

COME NOW Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 (the “Payson Trustee”) and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 (the “LP Trustee”) to file their *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* (the “Joint Motion to

Compromise”), and in support thereof, respectfully show unto the Court the following:

I. **PROCEDURAL STATUS**

1. Payson Debtor Bankruptcy Filings. On June 10, 2016, Payson Petroleum, Inc. (“Payson Petroleum”), Payson Operating, LLC (“Payson Operating”), and Maricopa Resources, LLC (“Maricopa”) filed voluntary petitions under Chapter 7 of the United States Bankruptcy Code (the “Bankruptcy Code”) in this Bankruptcy Court.¹ See Docket No. 1 in Bankruptcy Case Nos. 16-41043, 16-40144, and 16-40145. On July 12, 2016, the Bankruptcy Court entered orders converting the Payson Debtors’ bankruptcy cases to cases under Chapter 11 of the Bankruptcy Code. See Docket No. 39 in Case No. 16-41043, Docket No. 33 in Case No. 16-40144, and Docket No. 41 in Case No. 16-40145. On July 18, 2016, the Bankruptcy Court entered orders approving the United States Trustee’s applications to appoint the Payson Trustee as the Chapter 11 Trustee in the Payson Debtors’ bankruptcy cases. See Docket No. 55 in Case No. 16-41043, Docket No. 50 in Case No. 16-40144, and Docket No. 57 in Case No. 16-41045. On August 11, 2016, the Bankruptcy Court ordered the joint administration of the Payson Debtors’ bankruptcy cases under Case No. 16-41044. See Docket No. 75 in Case No. 16-41043, Docket No. 73 in Case No. 16-41044, and Docket No. 81 in Case No. 16-41045.

2. Adversary Proceeding. On November 1, 2016, the Payson Trustee filed his *Complaint to Avoid and Recover Transfers Pursuant to 11 U.S.C. §§ 548, 547, and 550* in Adversary Proceeding No. 16-04106 (the “Adversary Proceeding”) against Payson Petroleum 3 Well, LP (“3 Well LP”) and Payson Petroleum 3 Well 2014, L.P. (“2014 LP”).

3. LP Debtor Bankruptcy Filings. On January 31, 2017, 3 Well LP and 2014 LP (collectively, the “LP Debtors”) filed voluntary petitions under Chapter 7 of the Bankruptcy Code.

¹ Collectively, Payson Petroleum, Payson Operating, and Maricopa are the “Payson Debtors.”

See Docket No. 1 in Case No. 17-40179 *and* Docket No. 1 in Case No. 17-40180. LP Trustee was appointed as Chapter 7 Trustee for the LP Debtors.

4. Stay Issues. On February 21, 2017, LP Trustee filed his *Certificate of Notice of Bankruptcy Filing and Stay* in the Adversary Proceeding. See Docket No. 24 in Adversary Proceeding. On June 21, 2017, the Bankruptcy Court entered its *Agreed Order Granting Motion to Lift Stay* in LP Debtor's bankruptcy cases which, *inter alia*, provides that the parties are "granted relief from the automatic stay ... to continue with and fully litigate claims that are or could be pled" in the Adversary Proceeding. Docket No. 26 in Case No. 17-40180 *and* Docket No. 29 in Case No. 17-40179.

5. Amended Complaint. On July 13, 2017, Payson Trustee filed his *First Amended Complaint* in the Adversary Proceeding. See Docket No. 25 in Adversary Proceeding.

6. Jurisdiction & Venue. This Court has jurisdiction over the subject matter of this Joint Motion to Compromise pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

II. **FACTUAL BACKGROUND**

7. Nature of Payson Debtors' Businesses. Matthew C. Griffin ("Griffin") formed Payson Petroleum in 2008 to, *inter alia*, (i) promote the sale of interests in limited partnerships and (ii) operate oil and gas wells for such limited partnerships. Griffin formed Payson Operating in 2010 to act as a contract operator for Payson Petroleum. Griffin formed Maricopa in 2012 to, *inter alia*, engage in the acquisition and sale of Grayson County, Texas oil and gas leases.

8. Nature of 3 Well LP's and 2014 LP's Businesses. Payson Petroleum Grayson, LLC formed 3 Well LP in 2013 and 2014 LP in 2014 to, *inter alia*, drill, complete, and own interests in the Subject Wells.

9. Turnkey Agreements. On or about October 13, 2013, Payson Petroleum and 3 Well LP entered into a Subscription Turn Key Agreement under which 3 Well LP agreed to pay Payson Petroleum certain amounts for the drilling and completion of the Subject Wells (the “3 Well LP Turnkey Agreement”). On or about January 12, 2014, Payson Petroleum and 2014 LP entered into a Subscription Turn Key Agreement under which 2014 LP agreed to pay Payson Petroleum certain amounts for the drilling and completion of the Subject Wells (the “2014 LP Turnkey Agreement” and collectively with the 3 Well LP Turnkey Agreement the “Turnkey Agreements”). In the Adversary Proceeding, Payson Petroleum asserts claims for breach of the Turnkey Agreements against 3 Well LP in the amount of \$17,115,777 and 2014 LP in the amount of \$5,343,803 (the “Breach of Turnkey Agreement Claims”).

10. Working Interest Assignments. On or about Marcy 28, 2016, Maricopa assigned certain interests in the William #1H (API # 181-31557), Crowe #2 (API #181-31543), and Elaine #1 (API #181-31547) (collectively the “Subject Wells”) to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066. The working interests assigned are set forth below:

Subject Well	Assignee	Working Interest Assigned
Williams #1H Well	2014 LP	72.210840%
Williams #1H Well	3 Well LP	27.789160%
Crowe #2 Well	2014 LP	72.210840%
Crowe #2 Well	3 Well LP	27.789160%
Elaine #1 Well	2014 LP	72.210840%
Elaine #1 Well	3 Well LP	27.789160%

(collectively the “Working Interest Assignments”). In the Adversary Proceeding, Maricopa asserts claims under 11 U.S.C. §§ 547, 548, and 550 and Chapter 24 of the Texas Business and Commerce

Code against 3 Well LP and 2014 LP for avoidance of the Working Interest Assignments and recovery of the interests transferred or their value. Post-bankruptcy petition production revenue attributable to the Working Interest Assignments has been held by Traton Operating Company (“Traton”), the Payson Trustee’s approved contract operating company.

11. Additional Avoidable Transfers. In addition to the Working Interest Assignments, Payson Petroleum transferred \$1,274,310 to 3 Well LP and \$2,862,000 to 2014 LP between January and February 2014 in exchange for interests in those limited partnerships that Payson Petroleum knew or should have known were worth far less than the amounts transferred (the “Investment Transfers”). In the Adversary Proceeding, the Payson Trustee asserts claims under 11 U.S.C. § 544 and 550 and Chapter 24 of the Texas Business and Commerce Code to avoid and recover the Investment Transfers from 3 Well LP and 2014 LP (the “Investment Transfer Claims”).

III. PROPOSED SETTLEMENT

12. The Payson Trustee, Payson Debtors, LP Trustee, and LP Debtors have reached a settlement of issues asserted in the Adversary Proceeding and other claims that have our could have been asserted between the parties. Attached hereto as Exhibit A is a copy of the Settlement Agreement.²

13. Agreed Final Judgment. As explained in the Settlement Agreement, the parties will resolve the Adversary Proceeding by filing a Joint Motion for Entry of Agreed Final Judgment and will use their best efforts to have the Agreed Final Judgment entered by the Bankruptcy Court. The Agreed Final Judgment will, *inter alia*, provide that the Wellbore Interest Assignments are

² To the extent of any inconsistency between the Settlement Agreement and the summary of that agreement set forth in this Joint Motion to Compromise, the terms of the Settlement Agreement control. This outline is not intended to repeat all terms of the Settlement Agreement and persons reading this Joint Motion to Compromise are encouraged to read the Settlement Agreement. Capitalized Terms used but not otherwise defined herein have the meaning ascribed to them in the Joint Motion to Compromise or the Settlement Agreement as applicable.

avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B) and grant judgment in favor of Payson Petroleum on its Breach of Turnkey Agreement Claims against 3 Well LP in the amount of \$8,557,888.50 and 2014 LP in the amount of \$2,671,900.50. *See* Exhibit 3 to Settlement Agreement.

14. Conveyance of Interests in Subject Wells. 3 Well LP and 2014 LP will reassign the avoided interests in the Subject Wells to Maricopa, which will continue to be operated by Traton until Maricopa sells those interests under 11 U.S.C. § 363. As explained in further detail in the Settlement Agreement, the net proceeds obtained from the operation and sale of the Subject Wells (defined in the Settlement Agreement as the Subject Wells Net Proceeds) will be distributed as follows: (i) 55% to Maricopa, (ii) 32.4945% to 2014 LP, and (iii) 12.5055% to 3 Well LP. Maricopa will retain a \$50,000 Operating Reserve to satisfy costs related to operation of the Subject Wells.

15. Allowed Claims. The Settlement Agreement also provides that the parties will agree to the following allowed unsecured claims:

- Payson Petroleum shall hold (i) an allowed unsecured claim in the 3 Well LP bankruptcy case in the amount of \$8,557,888.50 and (ii) an allowed unsecured claim in the 2014 LP bankruptcy case in the amount of \$2,671,900.50;
- 3 Well LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement; and
- 2014 LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement.

16. Prosecution of and Participation in Avoidance Action Claims. The Settlement Agreement further provides that the parties will enter into (i) the 3 Well LP Subject Claims Assignment and Participation Agreement and (ii) the 2014 LP Subject Claims Assignment and

Participation Agreement (collectively the “Claims Assignment and Participation Agreements”).

Pursuant to the Claims Assignment and Participation Agreements:

- 3 Well LP will assign a fifty percent (50%) interest in net recoveries from litigation of 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims, as defined in the 3 Well LP Subject Claims Assignment and Participation Agreement, with 3 Well LP retaining the remaining fifty percent (50%) interest; and
- 2014 LP will assign a fifty percent (50%) interest in net recoveries from litigation of 2014 LP Avoidance Action Claims and 2014 Partnership Related Claims, as defined in the 2014 LP Subject Claims Assignment and Participation Agreement, with 2014 LP retaining the remaining fifty percent (50%) interest.

Payson Petroleum shall be granted standing to prosecute 3 Well LP and 2014 LP Avoidance Action Claims and Partnership Related Claims in the 3 Well LP and 2014 LP bankruptcy cases, and 3 Well LP and 2014 LP shall enter into engagement agreements with special litigation counsel for the Payson Trustee to prosecute such claims for the benefit of the Payson Petroleum, 3 Well LP, and 2014 LP bankruptcy estates.

17. Releases. Except for claims expressly reserved in the Settlement Agreement, all claims or causes action between the parties will be released.

IV. RATIONALE

18. Benefit to Maricopa Estate. The Maricopa bankruptcy estate receives the following benefits from the settlement:

- the interests assigned to 3 Well LP and 2014 LP via the Working Interest Assignments will be reassigned to Maricopa, and Maricopa will 55% of the Subject Wells Net Proceeds, plus a \$50,000 Operating Reserve to satisfy costs associated with operation of the Subject Wells; and
- except for claims expressly preserved under the Settlement Agreement, Maricopa’s bankruptcy estate is released from claims which have been or could have been asserted against Maricopa by 3 Well LP and/or 2014 LP.

19. Benefit to Payson Petroleum Estate. The Payson Petroleum bankruptcy estate receives the following benefits from the settlement:

- an allowed general unsecured claim in the 3 Well LP bankruptcy case in the amount of Eight Million Five Hundred Fifty-Seven Thousand Eight Hundred Eighty-Eight and 50/100 U.S. Dollars (\$8,557,888.50) on account of Payson Petroleum's Breach of Turnkey Agreement claim against 3 Well LP;
- an allowed general unsecured claim in the 2014 LP bankruptcy case in the amount of Two Million Six Hundred Seventy-One Thousand Nine Hundred and 50/100 U.S. Dollars (\$2,671,900.50) on account of Payson Petroleum's Breach of Turnkey Agreement claim against 2014 LP;
- Payson Petroleum is (i) granted standing and authority to enforce and prosecute 3 Well LP Avoidance Action Claims, 2014 LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, and 2014 LP Partnership Related Claims (the "Subject Claims") and (ii) will hold a fifty percent (50%) participation interest in net recoveries from the Subject Claims as further described in the Settlement Agreement, 3 Well LP Subject Claims Assignment and Participation Agreement and 2014 LP Subject Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, Payson Petroleum's bankruptcy estate is released from claims which have been or could have been asserted against Payson Petroleum by 3 Well LP and/or 2014 LP.

20. Benefit to Payson Operating Estate. Except for claims expressly preserved under the Settlement Agreement, Payson Operating's bankruptcy estate is released from claims which have been or could have been asserted against Payson Operating by 3 Well LP and/or 2014 LP.

21. Benefit to 3 Well LP Estate. The 3 Well LP bankruptcy estate receives the following benefits from the settlement:

- 3 Well LP will obtain 12.5055% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;

- 3 Well LP will retain a fifty percent (50%) interest in all 3 Well LP Avoidance Action Claims Net Recovery and 3 Well LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and 3 Well LP Subject Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, 3 Well LP's bankruptcy estate is released from claims which have been or could have been asserted against 3 Well LP by Payson Petroleum, Payson Operating, and/or Maricopa.

22. Benefit to 2014 LP Estate. The 2014 LP bankruptcy estate receives the following benefits from the settlement:

- 2014 LP will obtain 32.4945% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;
- 2014 LP will retain a fifty percent (50%) interest in all 2014 LP Avoidance Action Claims Net Recovery and 2014 LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and 3 Well LP Subject Claims Assignment and Participation Agreement; *and*
- except for claims expressly preserved under the Settlement Agreement, 2014 LP's bankruptcy estate is released from claims which have been or could have been asserted against 2014 LP by Payson Petroleum, Payson Operating, and/or Maricopa.

V. RELIEF REQUESTED

23. The Payson Trustee and LP Trustee respectfully request that the Court approve the proposed Settlement Agreement attached hereto as Exhibit A and grant them such other and further relief to which they may be entitled.

VI. BASIS FOR RELIEF

24. Bankruptcy Courts are “empowered to approve a compromise settlement of a debtor’s claim under Bankruptcy Rule 9019(a).” *Official Comm. of Unsecured Creditors v. Cajun Electric Power Coop., Inc. (In re Cajun Elec. Power Coop., Inc.)*, 119 F.3d 349, 355 (5th Cir. 1997). “Approval should only be given if the settlement is fair and equitable and in the best interest of the estate.” *Id.* (internal quotes & cite omitted). “In deciding whether a settlement of litigation is fair and equitable, a judge in bankruptcy must make a well-informed decision, ‘comparing the terms of the compromise with the likely rewards of litigation.’” *Id.* at 356 (quoting *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980)). Courts consider the following factors in determining whether a settlement is fair and equitable “(1) [t]he probability of success in the litigation, with due consideration for the uncertainty in fact and law, (2) [t]he complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (3) all other factors bearing on the wisdom of the compromise.” *Id.*

25. The factors support granting the Joint Motion to Compromise. First, the disputes are hotly contested and would require lengthy and likely expensive litigation to resolve, and the Settlement Agreement was reached after good-faith, contentious, and arms-length negotiations. The Payson Trustee and LP Trustee desire to avoid lengthy litigation between the respective bankruptcy estates so they can focus on enhancing the value of those estates for the benefit of creditors. Litigation would be expensive and involve, *inter alia*, complex factual issues regarding the value of the property transferred and solvency of the various bankruptcy estates. The Settlement Agreement, on the other hand, allows the Payson Trustee to distribute hydrocarbon proceeds currently held in suspense and initiate a sales process to monetize the Subject Wells for the benefit of creditors of Maricopa, 3 Well LP, and 2014 LP. Additionally, the Settlement

Agreement (i) reduces 3 Well LP and 2014 LP's liability for failing to pay Payson Petroleum amounts owed under the Turnkey Agreements by fifty percent (50%), (ii) provides an arrangement for coordinated prosecution of avoidance actions and sharing in the proceeds of the same, and (iii) eliminates the potential that the LP Trustee and Payson Trustee would pursue substantially similar claims against partners of 3 Well LP and 2014 LP in different proceedings and forums. In sum, the Payson Trustee and LP Trustee believe the Settlement Agreement is in the best interests of their respective bankruptcy estates and should be approved. *See* Affidavit of Jason R. Searcy, attached as **Exhibit B** and Affidavit of Christopher J. Moser, attached as **Exhibit C**.

26. A proposed agreed order is attached hereto as **Exhibit D**.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Jason R. Searcy, Chapter 11 Trustee for the bankruptcy estates of Payson Petroleum, Inc., Payson Operating, LLC, and Maricopa Resources, LLC and Christopher J. Moser, Chapter 7 Trustee for the bankruptcy estates of Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P. respectfully request that the Court approve the Agreement and grant them such other and further relief to which they may be justly entitled.

Dated: September 21, 2017

Respectfully submitted,

By: /s/ Blake Hamm

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CHAPTER 11 TRUSTEE FOR PAYSON
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OPERATING, LLC, AND MARICOPA
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By: /s/ Keith W. Harvey

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**COUNSEL FOR CHRISTOPHER J.
MOSER, CHAPTER 7 TRUSTEE FOR
PAYSON PETROLEUM 3 WELL, L.P.
AND PAYSON PETROLEUM 3 WELL
2014, L.P.**

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* was duly served as follows:

- On September 21, 2017 via the Court's electronic case filing system for the Eastern District of Texas upon all parties requesting electronic notice of all filings or by email as listed below.
- On September 21, 2017 via first class mail, properly addressed and postage prepaid, upon all parties listed on the Service List attached hereto.

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/s/ Blake Hamm

Blake Hamm

Label Matrix for local noticing
0540-4
Case 16-41044
Eastern District of Texas
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Buechner, Steven	Byrd Oilfield Services LLC	Byrd Oilfield Services LLC
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C/O Law Offices of Ronnie Horsley

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Capital One

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Attn: General Correspondence

PO Box 30285

Salt Lake City UT 84130-0285

Capital One Bank (USA), N.A.

PO Box 71083

Charlotte, NC 28272-1083

Castello Enterprises, Inc

c/o CRMP

PO Box 53567

Midland TX 79710-3567

Charles Gameros Jr PC

4514 Cole Avenue, Suite 1500

Dallas TX 75205-4220

Michelle Chow

PO Box 601389

Dallas, TX 75360-1389

Christopher J Ryan

Kristin McLaurin

Baker Hughes Oilfield Operations Inc

PO Box 4740

Houston TX 77210-4740

CleanNet

800 W Airport Freeway

Ste 720

Irving TX 75062-6206

Eboney Cobb

Perdue Brandon Fielder Collins & Mott

500 E. Border Street, Suite 640

Arlington, TX 76010-7457

Cohen, Sandra R

7030 South Janmar

Dallas TX 75230-3119

Colonial Life

2800 LaFrontera Blvd

Round Rock TX 78681-7929

Comptel Communications

PO Box 462273

Garland TX 75046-2273

Core Laboratories LP

Attn: Dennis P Rohr, Credit Manager

6316 Windfern Rd

Houston TX 77040-4950

Core Laboratories LP

Attn: Dennis P Rohr, Credit Manager

PO Box 841787

Dallas TX 75284-1787

Core Laboratories LP

PO Box 841787

Dallas TX 75284-1787

Crescent Services LLC

5749 NW 132nd Street

Oklahoma City OK 73142-4437

Crow, Ricky Allen

1003 W Sycamore

Sherman TX 75092-5156

Darnell Jr , Frank L

527 W Acheson St

Denison TX 75020-6305

David Alster

Alster Miller & Greene LLC

10039 Bissonnet Street, Suite 216

Houston TX 77036-7852

David W Roth

PO Box 560326

Dallas TX 75356-0326

Dean III, Wilbur Lee

1200 Sonoma Dr

Allen TX 75013-3642

Dean, Joseph Glen

11127 Wyatt St

Dallas TX 75218-2547

Denmiss LLC

c/o Gina D. Shearer

Langley LLP

1301 Solana Blvd., Bldg. 1, Ste. 1545

Westlake, TX 76262-1689

Denmiss, LLC

2650 FM 407, Suite 200

Bartonville TX 76226-7016

Dialog Wireline Services LLC

3100 Maverick Drive

Kilgore TX 75662-9032

Dolezalek, Bessie A

2088 Southmayd Rd

Whitesboro TX 76273-5559

Dolezalek, Kenneth

255 Frog Pond Rd

Sherman TX 75092-5912

DrillingInfo, Inc

PO Box 5545

Austin TX 78763-5545

Duane G Crocker

The Law Office of Duane G Crocker PC

121 S Main Street Suite 300

Victoria TX 77901-8149

Eberhart, Berdine Eberhart, Tom 689 Camp Creek Rd Rockwall TX 75087-7347	Emily E. Epperson 5210 Long Prairie Rd Ste 1511 Flower Mound TX 75028-2279	Endeavor Energy Resources, L P 110 N Marienfeld Suite 200 Midland TX 79701-4412
Estis Compression 545 Huey Lenard Loop West Monroe LA 71292-0466	Estis Compression 545 Huey Loenard Loop West Monroe LA 71292-0466	Evans, Charles J PO Box 7641 Myrtle Beach SC 29572-0015
Evans, John F 1104 Timberview Ln Richardson TX 75080-1534	Ever Growing Energy Services 7322 Southwest Freeway Ste 868 Houston TX 77074-2137	Excel Star Energy Services LP PO Box 857 Gainesville TX 76241-0857
Express Energy Services PO Box 843971 Dallas TX 75284-3971	Frances M Brown Family Trust Frances M Brown, TTEE 913 Lakeview Richardson TX 75080-4909	(p)FRONTIER COMMUNICATIONS BANKRUPTCY DEPT 19 JOHN STREET MIDDLETOWN NY 10940-4918
Frontier Communications PO Box 740407 Cincinnati OH 45274-0407	Garofalo, Terry Lee 11559 Hickory Hollow Lane Menasha WI 54952	Gary S. Swindell 333B Barnes Bridge Rd. Sunnyvale, TX 75182-9107
Gehrig, Peggy Ann 11 Wrana St Medford NY 11763-3513	Gibbons Hughes & Associates PO Box 168645 Irving TX 75016-8645	Gilbreath Tank Trucks Inc PO Box 430 Whitesboro TX 76273-0430
Gilbreath Tank Trucks Inc - L PO Box 430 Whitesboro TX 76273-0430	Gollob Morgan Peddy & Co., P.C. 1001 ESE Loop 323, Suite 300 Tyler, TX 75701-8609	Grant Harpold Vincent Serafino Geary Waddell Jenevein 815 Walker, Suite 350 Houston TX 77002-5716
Grayson County Linebarger Goggan Blair & Sampson, LLP c/o Laurie A Spindler 2777 N Stemmons Frwy Ste 1000 Dallas, TX 75207-2328	Grayson County Linebarger Goggan Blair & Sampson, LLP c/o Laurie A Spindler 2777 N Stemmons Frwy Ste 1000 Dallas, Texas 75207-2328	Greenberg Traurig LLP 2200 Ross Avenue Ste 5200 Dallas TX 75201-2794
Greene's Energy Group PO Box 676263 Dallas TX 75267-6263	Greene's Energy Group, LLC Jeffrey D. Stewart c/o Wells & Cuellar, P.C. 440 Louisiana, Suite 718 Houston, TX 77002-1637	Greene, Susan R 480 Cloud Rd Malvern AR 72104-2031
Gregory Meece Michael Schneider Thompson & Knight LLP 333 Clay Street, Suite 3300 Houston TX 77002-4499	Randy M. Griffin 3848 Grand Mesa Drive Montrose, CO 81403-7117	Griffin, Matthew C 2221 Justin Rd #119-444 Flower Mound TX 75028-4848

HM Express
6591 FM 2622
Stony TX 76259-4041

Halliburton Energy Services Inc
c/o Evangelos Kleftakis, Director
10200 Bellaire Blvd #2NW-13E
Houston TX 77072-5206

James Blake Hamm
Snow Spence Green LLP
2929 Allen Parkway, Suite 2800
Houston, TX 77019-7100

Hayes, Terry C
2909 Deerwood Dr
Waco TX 76710-1818

Holly Hamm
Snow Spence Green LLP
2929 Allen Parkway, Suite 2800
Houston TX 77019-7100

IHS Global Inc
PO Box 847193
Dallas TX 75284-7193

(p)IPFS CORPORATION
30 MONTGOMERY STREET
SUITE 1000
JERSEY CITY NJ 07302-3865

Integrated Fluid Systems LLC
3817 NW Expressway
Ste 975
Oklahoma City OK 73112-1481

Internal Revenue Service
P.O. Box 7346
Philadelphia PA 19101-7346

Jameson and Dunagan PC
5429 LBJ Freeway, Suite 700
Dallas TX 75240-2610

Jeffrey Stewart
D Brent Wells
Wells & Cuellar
440 Louisiana, Suite 718
Houston TX 77002-1637

Jonathan Henley
Adams Bennett Duncan & Henley
100 East Broadway
Gainesville TX 76240-4050

Kathryn Michelle Looney Mathes
3621 Steeplechase Apt 7306
Sherman TX 75092-6131

Knoop, Carin Isabel
136 Brattle St
Cambridge MA 02138-3425

Lauderdale, Candis Ann
4201 Estancia Way
Fort Worth TX 76108-8315

Kim Ellen Lewinski
17171 Park Row, Ste. 160
Houston, TX 77084-4927

Lewis, Lindsey Lamont
262 Wolfcreek Pass
Wimberley TX 78676-5931

(p)LIGHT TOWER RENTALS INC
2330 E INTERSTATE 20 SOUTH SERVICE RD
ODESSA TX 79766-8842

Lott, Linda D
4325 Village Woods Ln
Chester VA 23831-4803

M Cowie
Greenberg, Grant & Richards
PO Box 571811
Houston TX 77257-1811

M D Allison
PO Box 1376
1010 N Grand
Gainesville TX 76240-3524

M D Allison
PO Box 1376
Gainesville TX 76241-1376

MSM Environmental, LLC
Craig E. Brown
1900 Northwest Expressway, Suite 450
Oklahoma City, OK 73118-1849

MSM Oilfield Services
PO Box 13178
Oklahoma City OK 73113-1178

Magnum Oil Tools International LTD
5655 Bear Lane Ste 100
Corpus Christi TX 78405-4404

Maricopa Resources, LLC
2652 FM 407 E, Suite 250
Argyle TX 76226-7026

Maricopa Resources, LLC
2652 FM 407 E, Suite 250
Bartonville TX 76226-7026

Mark D Threadgill
3800 East 42nd Street, Suite 601
Odessa TX 79762-5930

Mark H Bennett
General Counsel of Crescent Services LLC
5721 NW 132nd Street
Oklahoma City OK 73142-4437

Mark P Blenden
2217 Harwood Road
Bedford TX 76021-3607

Matthew C Griffin
8605 Doral Court W
Flower Mound TX 75022-6481

McCullough, Charles Joseph
28504 10th Ave S
Federal Way WA 98003-3138

McCullough, John Edward
PO Box 787
Pottsboro TX 75076-0787

McCullough, Mary Margaret
6466 N State Highway 289
Sherman TX 75092-7064

Merton Tracy TTE
Ann W Tracy RT
1039 300th St
Nashua IA 50658-9406

Metro-Repro Inc
PO Box 560092
Dallas TX 75356-0092

Michael S Crooks
171 Stonebridge Boulevard
Edmond OK 73013-4683

Mid-Central Energy Services LLC
727 N Morgan Road
Oklahoma City OK 73127-7142

Montgomery Joint Venture
4948 Stony Ford Dr
Dallas TX 75287-7235

J. Seth Moore
Condon Tobin Sladek Thornton, PLLC
8080 Park Lane
Suite 700
Dallas, TX 75231-5920

Morrow, Marilyn Teresa
7634 N State Hwy 289
Sherman TX 75092-7066

Christopher J. Moser
2001 Bryan Street
Suite 1800
Dallas, TX 75201-3070

Nancy P Tonkin Revocable Trust
c/o Nancy T Cutter
1524 Park Ave SW
Albuquerque NM 87104-1024

Nancy T Cutter Revocable Trust
1524 Park Ave SW
Albuquerque NM 87104-1024

National Association of Personal
Financial Advisors Inc
8700 W Bryn Mawr, Suite 700N
Chicago IL 60631-3509

National Oilwell Varco LP
7909 Parkwood Circle Drive
Houston, TX 77036-6757

National Oilwell Varco LP
PO Box 202631
Dallas TX 75320-2631

Nevill Document Solutions
2825 Story Road W
Irving TX 75038-5268

Norman's Well Service - L
PO Box 875
Gainesville TX 76241-0875

Norman's Well Service Inc
c/o Crystal McCann
3728 Highway 82 East
Gainesville TX 76240-7056

Number One RWM, Ltd
PO Box 758
Sherman TX 75091-0758

O'Neal, Norman D
128 Miller Dr
Sherman TX 75090-8987

Odle, Gary Wayne
1001 West Munson St
Denison TX 75020-5127

Odle, Landon Boyd
3227 Mill House Run
Missouri City TX 77459-6514

Oil States Energy Services, LLC
c/o Grant P. Harpold
2229 San Felipe, Ste. 1000
Houston, TX 77019-5639

Old Aulacogen, L P
3053 Seneca
Frisco TX 75034-5971

PCS Ferguson - L
3771 Eureka Way
Frederick CO 80516-9446

PCS Ferguson, Inc.
c/o Dore Law Group, P.C.
17171 Park Row
Suite 160
Houston, TX 77084-4927

Parker, Nedro
c/o Vera Ann Stewart
10526 Stone Canyon Rd #104
Dallas TX 75230-4401

Pason Systems USA Corp
16035 Table Mountain Pkwy
Golden CO 80403-1642

Payson Developmental
Drilling Fund 2014 II, LP
2652 FM 407 E, Suite 250
Argyle TX 76226-7026

Payson Developmental Drilling
Fund 2014 II, LP
2652 FM 407 E, Suite 250
Bartonville TX 76226-7026

Payson Drilling Fund 2015 II, LP
2652 FM 407 E, Suite 250
Argyle TX 76226-7026

Payson Grayson 2 Well, LP
2652 FM 407 E, Suite 250
Argyle TX 76226-7026

Payson Operating, LLC
2652 FM 407 E, Suite 250
Arcyle TX 76226-7026

Payson Petroleum 3 Well 2013, L P
2652 FM 407 E, Suite 250
Bartonville TX 76226-7026

Payson Petroleum 3 Well 2014, LP
2652 FM 407 E, Suite 250
Argyle TX 76226-7026

Payson Petroleum 3 Well LP
2652 FM 407 E, Suite 250
Bartonville TX 76226-7026

Payson Petroleum 3 Well, LP 2652 FM 407 E, Suite 250 Argyle TX 76226-7026	Payson Petroleum Crowe # 1, L P 2652 FM 407 E, Suite 250 Bartonville TX 76226-7026	Payson Petroleum Crowe 1, LP 2652 FM 407 E, Suite 250 Argyle TX 76226-7026
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Payson Petroleum Grayson 2 Well, L P 2652 FM 407 E, Suite 250 Bartonville TX 76226-7026	Payson Petroleum Inc 2652 FM 407 E Suite 250 Bartonville TX 76226-7026	Payson Petroleum J C # 1 L P 2652 FM 407 E, Suite 250 Bartonville TX 76226-7026
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Payson Petroleum LLC dba Payson Petroleum Inc 2652 FM 407 E, Suite 250 Argyle TX 76226-7026	Payson Petroleum Management Partners LLC 2652 FM 407 E, Suite 250 Bartonville TX 76226-7026	Payson Petroleum Profit Sharing 2652 FM 407 E Suite 250 Bartonville TX 76226-7026
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Payson Petroleum, Inc 2652 FM 407 E, Suite 250 Argyle TX 76226-7026	Peak Oilfield Services LLC PO Box 203997 Dallas TX 75320-3397	Peak Oilfield Services LLC c/o Darla Wolf, Collections Manager 1400 Post Oak Blvd Ste 400 Houston TX 77056-3009
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Peak Oilfield Services, LLC Dore Law Group, P.C. 17171 Park Row Suite 160 Houston, TX 77084-4927	Philip C Brown TTE PCB Trust PO Box 2464 Sherman TX 75091-2464	Phillip G Shaffer PC 230 West Main Denison TX 75020-3025
--	--	--

Phoenix American Financial Services 2401 Kerner Blvd San Rafael CA 94901-5569	Pilot Thomas Logistics LLC d/b/a Simons Petroleum LLC PO Box 676686 Dallas TX 75267-6686	Pilot Thomas Logistics LLC d/b/a Simons Petroleum LLC c/o Tyler Barnett, credit manager 777 Main Street Suite 2000 Fort Worth TX 76102-5332
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Pottsboro Church of Christ 522 W FM 120 Pottsboro TX 75076-7478	Pottsboro ISD % Perdue Brandon Fielder Et Al 500 E. Border Street Suite 640 Arlington, TX 76010-7457	Premier Property Real Estate Group LLC PO Box 678527 Dallas TX 75267-8527
---	--	---

Prescott Capital Group, Inc 2652 FM 407 E Bartonville TX 76226-7018	Prescott Capital Group, Inc 2652 FM 407 E, Suite 250 Bartonville TX 76226-7026	Primoris Energy Services Corporation 1010 CR 59 Rosharon TX 77583-2566
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Primoris Energy Services Corporation dba Sprint Pipeline Services 1010 CR 59 Rosharon TX 77583-2566	Protechnics-A Core Laboratories LP ATTN: JAY A. WALD, CCE 6316 Windfern Rd. Houston, TX 77040-4950	Pruitt Tool & Supply Co Inc PO Box 181359 Fort Smith AR 72918-1359
--	---	--

Quail Tools LP PO Box 10739 New Iberia LA 70562-0739	Quasar Energy Services Inc 3288 FM 51 Gainesville TX 76240-0208	Quasar Energy Services Inc c/o Tim Sicking, President 3288 FM 51 Gainesville TX 76240-0208
--	---	---

Quasar Energy Services Inc - L	Quasar Energy Services, Inc	RWJ Exploration LLC
3288 FM 51	1300 Norwood Drive, Suite 100	1114 West Hull St
Gainesville TX 76240-0208	Bedford, Texas 76022-5246	Denison TX 75020-5124

Ranger Consulting Company LLC	Ranger Consulting Company LLC	Ranger Directional Services
PO Box 18673	c/o Chad T McDougall	PO Box 18673
Oklahoma City OK 73154-0673	1021 NW Grand Blvd	Oklahoma City OK 73154-0673
	Oklahoma City OK 73118-6039	

Ranger Directional Services LLC	Red Eagle Energy LLC	Red Eagle Energy, LLC
c/o Chad T McDougall	3848 Grand Mesa Drive	c/o Randy Griffin
1021 NW Grand Blvd	Montrose, CO 81403-7117	3848 Grand Mesa Drive
Oklahoma City OK 73118-6039		Montrose, CO 81403-7117

Reed, Kathy	Reed, Kirk E	Reessing, Phillip
310 W Wilshire Blvd	PO Box 721918	13031 Park Crossing #1504
Oklahoma City OK 73116-7704	Norman OK 73070-8462	San Antonio TX 78217-1674

Reg D Resources	Rick Browning	Ricky Allen Crow
7333 West Jefferson Ave, Suite 225	5050 E University Drive, Suite 1	1003 W Sycamore
Lakewood CO 80235-2017	Odessa TX 79762-8100	Sherman TX 75092-5156

Rig Runners Inc	Ringgold, Hubert Charles	Ringgold, Hubert Charles
519 N Sam Houston Pkwy E	802 C R 2958	802 CR 2958
Ste 600	Alba TX 75410	Alba TX 75410-5725
Houston TX 77060-4054		

Robert C Beasley	Robert J Naudin	Robin Lambourn
Weycer, Kaplan, Pulaski & Zuber, P C	1221 Lamar Street, 16th Floor	Lambourn Law Firm
1400 Summit Tower	Houston TX 77010-3039	PO Box 9123
11 Greenway Plaza, Suite 1400		Denver CO 80209-0123
Houston TX 77046-1130		

Ronnie Horsley	Ronnie Horsley	Row Plus LLC
PO Box 7017	Ronnie Horsley, P C	PO Box 8
Tyler TX 75711-7017	PO Box 7017	Alvord TX 76225-0008
	Tyler TX 75711-7017	

Ryan J McNeel	S&S Welding	SH Productions Inc
Brockett & McNeel LLP	PO Box 283	301 W Main Suite 600
PO Box 1841	Poolville TX 76487-0283	Ardmore OK 73401-6322
Midland TX 79702-1841		

Schlumberger Technology Corp	Michael Isaac Schneider	Jason R. Searcy
PO Box 732149	Thompson & Knight LLP	P. O. Box 3929
Dallas TX 75373-2149	811 Main Street, Suite 2500	Longview, TX 75606-3929
	Houston, TX 77002-6119	

Searcy & Searcy, P.C.
PO Box 3929
Longview, TX 75606-3929

Jason Searcy.
P. O. Box 3929
Longview, TX 75606-3929

Secore & Waller LLP
12222 Merit Drive
Ste 1350
Dallas TX 75251-3214

Select Energy Services LLC
PO Box 1715
Gainesville TX 76241-1715

Select Energy Services LLC
c/o Randy Friedsam, Direct
1400 Post Oak Blvd Ste 400
Houston TX 77056-3009

Select Energy Services, LLC
Kim Lewinski
Dore' Law Group, P.C.
17171 Park Row, Suite 160
Houston, TX 77084-4927

SemGas
6120 S Yale Ave Ste 700
Tulsa OK 74136-4216

Gina D. Shearer
Strasburger & Price, LLP
2600 Dallas Parkway, Suite 600
Frisco, TX 75034-8698

Sierra Engineering
105 Leighton Dr Apt D
Thibodaux LA 70301-8432

Simons Petroleum - L
PO Box 676686
Dallas TX 75267-6686

Smith International Inc
PO Box 732136
Dallas TX 75373-2136

Snow Spence Green LLP
2929 Allen Pkwy., Ste. 2800
Houston, TX 77019-7100

Snubco USA - L
Dept 169 PO Box 4458
Houston TX 77210-4458

Solari Luz LLC
PO Box 1783
El Prado NM 87529-1783

Southstar Energy Corp
301 W Main Suite 500
Ardmore OK 73401-6322

Laurie A. Spindler
Linebarger, Goggan, Blair & Sampson
2777 N. Stemmons Frwy Ste 1000
Dallas, TX 75207-2328

Mark W. Steirer
Law Office of Mark W. Steirer
10330 White Rock Place
Dallas, TX 75238-1446

Stewart, Vera Ann
10526 Stone Canyon Rd #104
Dallas TX 75230-4401

William R. Sudela
Crady Jewett & McCulley, LLP
2727 Allen Parkway, Suite 1700
Houston, TX 77019-2125

Sunoco Energy Services LLC
PO Box 3445
San Angelo TX 76902-3445

Susan M Baletka
Baker Hughes Oilfield Operations, Inc
PO Box 4740
Houston TX 77210-4740

T Scott Smith
Attorney and Counselor at Law
PO Box 354
Sherman TX 75091-0354

TGK, Inc.
800 W. Airport Frwy Suite 720
Irving, TX 75062-6206

TNT Electric Inc
5240 E Hwy 82
Gainesville TX 76240

TWL Holdings, L P
400 N Saint Paul St, Suite 800
Dallas TX 75201-6862

Tamarisk Energy Corporation
11650 79th Ave #101
Edmonton, AB T6G 0P7
CANADA

Tanya Garrison
Weycer Kaplan Pulaski & Zuber
11 Greenway Plaza, Suite 1400
Houston TX 77046-1130

Terry Jacobson
Jacobson Law Firm PC
733 West Second Avenue
Corsicana TX 75110-2942

Terry, Johnny S
2501 W Coffin St
Denison TX 75020-7211

Sara G. Witmeyer
Cobb Martinez Woodward
1700 Pacific Avenue
Suite 3100
Dallas, TX 75201-7489

The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

Capital One
Attn: 63001-015
15000 Capital One Dr
Richmond VA 23238

Frontier Communications
Bankruptcy Dept
19 John St
Middletown, NY 10940

IPFS Corporation
PO Box 730223
Dallas TX 75373-0223

Light Tower Rentals Inc
2330 E I20 S Service Road
Odessa TX 79764

Addresses marked (c) above for the following entity/entities were corrected
as required by the USPS Locatable Address Conversion System (LACS).

Lemons, Aneva
245 Carriage Estates Rd
Sherman TX 75092

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(d)Allied Wireline Services LLC
Dept 236 PO Box 4346
Houston TX 77210-4346

(d)Amanda Speer
Dore Law Group PC
17171 Park Row, Suite 160
Houston TX 77084-4927

(d)American Express Bank FSB
c/o Becket and Lee LLP
PO Box 3001
Malvern PA 19355-0701

(d)Atoka Operating, Inc
16200 Addison Road, Suite 155
Addison TX 75001-5333

(d)Broomtree International
607 E. College St.
Denton, TX 76209-7317

(d)Buchanan, Jr , Burgess E
12110 Carlbad Dr
Austin TX 78738-5338

(d)Christopher J Ryan
Kristin McLaurin
Baker Hughes Oilfield Operations, Inc
PO Box 4740
Houston TX 77210-4740

(d)Core Laboratories LP
Attn: Dennis P Rohr, Credit Manager
6316 Windfern Road
Houston TX 77040-4950

(u)Denmiss, LLC

(d)H Miles Cohn
Crain Caton & James
1401 McKinney Street, 17th Floor
Houston TX 77010-4037

(d)Hinckley Cook, PC
5850 Town & Country Blvd
Suite 1304
Frisco, TX 75034-6957

(d)Integrated Fluid Systems LLC
3817 NW Expressway Ste 975
Oklahoma City OK 73112-1481

(u)Integrated Fluid Systems, L.L.C.	(d)Internal Revenue Service P.O. Box 7346 Philadelphia PA 19101-7346	(d)Jim Spoons Trust 607 E. College St. Denton, TX 76209-7317
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(d)Lide Industries, LLC c/o John Hanson 17101 Preston Road, Suite 230 Dallas, TX 75248-1374	(d)Magnum Oil Tools International LTD 5655 Bear Lane, Suite 100 Corpus Christi TX 78405-4404	(d)Payson Petroleum LLC dba Payson Petroleum, Inc 2652 FM 407 E, Suite 250 Argyle TX 76226-7026
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(d)Payson Petroleum, Inc. 2652 FM 407 E, Suite 250 Bartonville, TX 76226-7026	(u)Ranger Consulting Company, L.L.C.	(u)Ranger Directional Services, L.L.C.
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(d)Red Eagle Energy, LLC 3848 Grand Mesa Drive Montrose, CO 81403-7117	(d)SH Productions, Inc 301 W Main Suite 600 Ardmore OK 73401-6322	(d)Jason Searcy. P. O. Box 3929 Longview, TX 75606-3929
--	---	---

(d)Solari Luz LLC PO Box 1783 El Prado NM 87529-1783	(d)Kenneth Stohner Jr. Jackson Walker, LLP 2323 Ross Ave., Suite 600 Dallas, TX 75201-2725	(d)Wheeler, J Michael c/o Anderson Tobin, PLLC 13355 Noel Road, Suite 1900 Dallas TX 75240-6674
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End of Label Matrix	
Mailable recipients	359
Bypassed recipients	27
Total	386

EXHIBIT A

SETTLEMENT AGREEMENT

SETTLEMENT AGREEMENT

This Settlement Agreement (the “Agreement”) is entered into as of September 20, 2017 by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee for the Searcy Bankruptcy Cases, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee for the Moser Bankruptcy Cases, referred to individually herein as a “Party” and collectively as, the “Parties.”

R E C I T A L S

WHEREAS, Christopher J. Moser is the duly appointed Chapter 7 Trustee in the 3 Well LP Bankruptcy Case and the 2014 LP Bankruptcy Case.

WHEREAS, Jason R. Searcy is the duly appointed Chapter 11 Trustee in the Payson Petroleum Bankruptcy Case, the Payson Operating Bankruptcy Case and the Maricopa Bankruptcy Case.

WHEREAS, on or about October 10, 2013, Payson Petroleum and 3 Well LP entered into a Subscription Turn Key Agreement under which 3 Well LP agreed to pay Payson certain amounts for the drilling and completion of the Subject Wells.

WHEREAS, on or about January 12, 2014, Payson Petroleum and 2014 LP entered into a Subscription Turn Key Agreement under which 2014 LP agreed to pay Payson Petroleum certain amounts for the drilling and completion of the Subject Wells.

WHEREAS, on or about March 28, 2016, Maricopa assigned certain interests in the Subject Wells to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066. The working interests assigned are set forth below:

Subject Well	Assignee	Working Interest Assigned
Williams #1H Well	2014 LP	72.210840%
Williams #1H Well	3 Well LP	27.789160%
Crowe #2 Well	2014 LP	72.210840%
Crowe #2 Well	3 Well LP	27.789160%
Elaine #1 Well	2014 LP	72.210840%
Elaine #1 Well	3 Well LP	27.789160%

WHEREAS, on November 1, 2016, suit was filed against 3 Well LP and 2014 LP in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) and asserts, *inter alia*, (i) breach of contract claims against 3 Well LP and 2014 LP to recover amounts owed under

the 3 Well LP Turnkey Agreement and the 2014 LP Turnkey Agreement, and (ii) fraudulent transfer and preference claims against 3 Well LP and 2014 LP (the “Adversary Proceeding”).

WHEREAS, the Parties have agreed to resolve, compromise, and settle all claims, disputes and controversies between the Parties which have been or could have been asserted in any and all of the Bankruptcy Cases or the Adversary Proceeding in accordance with the terms set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

ARTICLE 1

Definitions

1.01 **Defined Terms.** The following terms, as used in this Agreement, shall have the meanings indicated below, unless the context otherwise requires:

“2014 LP” means Payson Petroleum 3 Well 2014, L.P., Christopher J. Moser in his capacity of Chapter 7 trustee of Payson Petroleum 3 Well 2014, L.P. and the Payson Petroleum 3 Well 2014 L.P. bankruptcy estate.

“2014 LP Bankruptcy Case” means Bankruptcy Case No. 17-40180 styled *In re Payson Petroleum 3 Well 2014, L.P., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“2014 LP Subject Claims Assignment and Participation Agreement” means an agreement between 2014 LP and Payson Petroleum, substantially in the form attached hereto as **Exhibit 1**.

“2014 LP and 3 Well LP Retained Claims” has the meaning set forth in Section 4.04.

“3 Well LP” means Payson Petroleum 3 Well, L.P., Christopher J. Moser in his capacity of Chapter 7 trustee of Payson Petroleum 3 Well, L.P. and the Payson Petroleum 3 Well L.P. bankruptcy estate.

“3 Well LP Bankruptcy Case” means Bankruptcy Case No. 17-40179 styled *In re Payson Petroleum 3 Well, L.P., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“3 Well LP Subject Claims Assignment and Participation Agreement” means an agreement between 3 Well LP and Payson Petroleum, substantially in the form attached hereto as **Exhibit 2**.

“Agreed Final Judgment” means an Agreed Final Judgment to be filed in the Adversary

Proceeding, substantially in the form attached hereto as **Exhibit 3**.

“Bankruptcy Cases” means, collectively, the Payson Petroleum Bankruptcy Case, the Payson Operating Bankruptcy Case, the Maricopa Bankruptcy Case, the 3 Well LP Bankruptcy Case and the 2014 LP Bankruptcy Case.

“Bankruptcy Code” means The Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, as now in effect or hereafter amended.

“Bankruptcy Court” means the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“Business Day” means any day that is not a Saturday, Sunday, or other day on which banks are authorized or required to close pursuant to the rules and regulations of the Federal Reserve System.

“Closing” shall have the meaning ascribed to it in Article 3 of this Agreement.

“Closing Date” shall have the meaning ascribed to it in Article 3 of this Agreement.

“Direct Taxes” means all ad valorem, property, gathering, transportation, pipeline regulating, gross receipts, windfall profit, severance, production, excise, eating content, carbon, value added, environmental, occupation, sales, use, fuel, and other taxes and governmental charges and assessments imposed on or as a result of all or any part of the Subject Wells, including any real or personal property, equipment or fixtures, to the extent used in connection with, or relating to, the Subject Wells, the Subject Hydrocarbons or the proceeds thereof. **“Direct Taxes”** do not include federal income taxes, state income taxes or franchise taxes or any penalty or interest surcharges thereon.

“Execution Date” means September 20, 2017.

“Gas” means natural gas and all other gaseous hydrocarbons, including casinghead gas, but excluding condensate and other liquid hydrocarbons removed by conventional mechanical field separation at the wellhead and also excluding the liquid products of any processing of Gas done prior to the sale of such Gas.

“Hydrocarbons” means Gas and/or Oil.

“Joint Motion for Entry of Agreed Final Judgment” shall mean the Joint Motion for Entry of Agreed Final Judgment, substantially in the form attached hereto as **Exhibit 4**.

“Maricopa” means Maricopa Resources, LLC, Jason Searcy in his capacity of Chapter 11 trustee of Maricopa Resources, LLC and the Maricopa Resources, LLC bankruptcy estate.

“Maricopa Bankruptcy Case” means Bankruptcy Case No. 16-41043 styled *In re Maricopa Resources, LLC, Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“Marketing Expenses” mean the costs incurred in connection with the marketing and sale of the Subject Wells, including broker fees, legal fees and other expenses incurred in connection with preparation of marketing materials, negotiation of any potential sale, preparation of documents and pleadings and/or preparation and attendance at hearings.

“Moser Bankruptcy Cases” means the 3 Well LP Bankruptcy Case and the 2014 LP Bankruptcy Case.

“Oil” means crude oil, condensate and other liquid hydrocarbons, including liquid hydrocarbons removed by conventional mechanical field separation at the wellhead and also including the liquid products of any processing of Gas done prior to the sale of such Gas.

“Operating Agreement” means the Contract Operating Services Agreement attached here as **Exhibit 5**.

“Operating Reserve” means the sum of \$50,000 to be used by Maricopa exclusively to satisfy Subject Wells Operating Costs incurred subsequent to the Payson Operating bankruptcy petition date.

“Operator” means Traton Operating Company in its capacity as Contract Operator for Payson Operating.

“Payson Operating” means Payson Operating, LLC, Jason Searcy in his capacity of Chapter 11 trustee of Payson Operating, LLC and the Payson Operating, LLC bankruptcy estate.

“Payson Operating Bankruptcy Case” means Bankruptcy Case No. 16-41045 styled *In re Payson Operating, LLC, Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“Payson Petroleum” means Payson Petroleum, Inc., Jason Searcy in his capacity of Chapter 11 trustee of Payson Petroleum, Inc. and the Payson Petroleum, Inc. bankruptcy estate.

“Payson Petroleum Bankruptcy Case” means Bankruptcy Case No. 16-41044 styled *In re Payson Petroleum, Inc., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“Payson Petroleum, Payson Operating and Maricopa Retained Claims” has the meaning set forth in **Section 4.05**.

“Searcy Bankruptcy Cases” means the Maricopa Bankruptcy Case, the Payson Operating Bankruptcy Case and the Payson Petroleum Bankruptcy Case.

“Settlement Approval Orders” means Orders, substantially in the form attached hereto as **Exhibit 6**, granting the relief requested in the Settlement Motion which is to be filed in each of the Bankruptcy Cases.

“Settlement Motions” means the Joint Motions for Approval of Settlement and Compromise, substantially in the form attached hereto as **Exhibit 7**, which are to be filed in each of the Bankruptcy Cases.

“Settlement Transaction Documents” means the Operating Agreement, Agreed Final Judgment, the Joint Motion for Entry of Agreed Final Judgment, Settlement Approval Order, Settlement Motions, 3 Well LP Subject Claims Assignment and Participation Agreement, 2014 LP Subject Claims Assignment and Participation Agreement, and any other documents and instruments entered into in connection with this Agreement.

“Subject Wells” mean, collectively, the William #1H (API # 181-31557), the Crowe #2 (API #181-31543), and the Elaine #1 (API #181-31547) oil and gas wells and related leasehold interests.

“Subject Wells Account” means a segregated account established by Jason Searcy as Chapter 11 Trustee of Maricopa at a commercial banking institution.

“Subject Wells Assignments” means assignments in the forms attached hereto as **Exhibit 8**.

“Subject Wells Net Proceeds” means the (i) Subject Wells Net Production Proceeds, plus (ii) Subject Wells Net Sales Proceeds, minus (iii) Direct Taxes and the Operating Reserve, as determined on a cumulative basis.

“Subject Wells Net Production Proceeds” means the amount (computed on a cumulative basis) by which the gross proceeds received by Maricopa from the sale of the Subject Wells Hydrocarbons exceeds Operating Costs, and the Operating Reserve.

“Subject Wells Net Sales Proceeds” means the amount by which the gross proceeds from the sale of the Subject Wells exceeds Marketing Expenses, Subject Wells Operating Costs and valid perfected liens which are not subject to avoidance pursuant to Chapter 5 of the Bankruptcy Code, as determined by an order entered in the Bankruptcy Cases.

“Subject Wells Operating Costs” means all expenses incurred in connection with (i) insuring, operating, producing, reworking and maintaining the Subject Wells, (ii) materials, supplies, equipment and other personal property and fixtures purchased for use and actually used on, or direction in connection with the Subject Wells, (iii) gathering, treating, processing, transportation and marketing hydrocarbons produced from the Subject Wells, (iv) plugging, abandonment and remediation (including the Operating Reserve), and (v) Operator fees and expenses related to the Subject Wells.

“Suspended Revenues” mean the Subject Wells Net Production Proceeds as of the

Closing Date less the Operating Reserve.

1.02 Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein, the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document. Nothing contained in this Agreement will be construed to authorize any renewal, extension, modification, amendment or restatement of this Agreement or any agreement, instrument or document referred to herein.

1.03 References and Titles. All references in this Agreement to Exhibits, Articles, Sections, subsections and other subdivisions refer to the Exhibits, Articles, Sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only, do not constitute any part of those subdivisions and will be disregarded in construing the language contained in those subdivisions. The words “this Agreement,” “this instrument,” “herein,” “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases “this section” and “this subsection” and similar phrases refer only to the sections or subsections of this Agreement in which those phrases occur. The word “or” is not exclusive; the word “including” (in its various forms) means “including without limitation.” Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time; (b) any reference herein to any person shall be construed to include such person's successors and assigns (subject to the restrictions contained herein); (c) with respect to the determination of any time period, the word “from” means “from and including” and the word “to” means “to and including;” and (d) all dollar amounts refer to United States dollars. A reference herein to a number of “days” will be intended to refer to that number of calendar (as opposed to working) days, unless otherwise specifically provided. No provision of this Agreement or the Settlement Transaction Documents shall be interpreted or construed more strictly against any person solely because such person or its legal representative drafted such provision.

ARTICLE 2

Settlement Motions and Settlement Approval Orders

2.01 Execution Date Deliveries. On the Execution Date, each Party shall execute and deliver to the other Parties the following:

- The Settlement Motions;
- The proposed form of Settlement Approval Orders;
- The Joint Motion for Entry of Agreed Final Judgment; and

- The proposed form of Agreed Final Judgment.

2.02 Filing of Motions. Counsel for Payson Petroleum, Payson Operating and Maricopa shall cause the Settlement Motions and proposed Settlement Approval Orders to be filed in the respective Bankruptcy Cases. Counsel for Payson Petroleum, Payson Operating and Maricopa shall cause the Joint Motion for Entry of Agreed Final Judgment and proposed form of Agreed Final Judgment to be filed in the Adversary Proceeding.

2.03 Prosecution of Motions. Each Party shall cooperate with the other Parties and use their good faith best efforts to support entry by the Bankruptcy Court of (i) the Settlement Approval Orders, and (ii) the Agreed Final Judgment. The Parties stipulate that 2014 LP and 3 Well LP consent to entry of the Agreed Final Judgment is subject to Bankruptcy Court approval of the Settlement Motions.

ARTICLE 3

Closing

3.01 Time and Place. The Closing on the transactions contemplated in this Agreement shall be conducted within three (3) Business Days after entry of the Settlement Approval Orders (the "Closing Date") at the office of Snow Spence Green LLP located at 2929 Allen Parkway, Suite 2800, Houston, Texas 77019 or such later date as may be agreed upon by the Parties (the "Closing").

3.02 Delivery by Maricopa to 3 Well LP. On the Closing Date, Maricopa shall deliver to 3 Well LP the following: (a) a sum equal to 27.79% of forty-five percent (45%) of the Suspended Revenues by wire transfer to the following account.

BOK Financial
7500 College Blvd., Ste. 1450
Overland Park, KS 66210
ABA: 101015101
Account Name: Payson Petroleum 3 Well, L.P.
Account Number: 1151505797

3.03 Delivery by Maricopa to 2014 LP. On the Closing Date, Maricopa shall deliver to 2014 LP the following: (a) a sum equal to 72.21% of forty-five percent (45%) of the Suspended Revenues by wire transfer to the following account.

BOK Financial
7500 College Blvd., Ste. 1450
Overland Park, KS 66210
ABA: 101015101
Account Name: Payson Petroleum 3 Well 2014, L.P.
Account Number: 1151505775

3.04 Delivery by 3 Well LP to Maricopa. On the Closing Date, 3 Well LP shall assign all right, title and interests in 55% of the Suspended Revenues and deliver to Maricopa the duly executed Subject Wells Assignments.

3.05 Delivery by 2014 LP to Maricopa. On the Closing Date, 2014 LP shall assign all right, title and interests in 55% of the Suspended Revenues and deliver to Maricopa the duly executed Subject Wells Assignments.

3.06 Delivery by 3 Well LP to Payson Petroleum. On the Closing Date, 3 Well LP shall deliver to Payson Petroleum the duly executed 3 Well LP Subject Claims Assignment and Participation Agreement.

3.07 Delivery by 2014 LP to Payson Petroleum. On the Closing Date, 2014 LP shall deliver to Payson Petroleum a duly executed 2014 LP Subject Claims Assignment and Participation Agreement.

3.08 Delivery by Payson Petroleum to 3 Well LP. On the Closing Date, Payson Petroleum shall deliver to 3 Well LP a duly executed 3 Well LP Subject Claims Assignment and Participation Agreement.

3.09 Delivery by Payson Petroleum to 2014 LP. On the Closing Date, Payson Petroleum shall deliver to 2014 LP a duly executed 2014 LP Subject Claims Assignment and Participation Agreement.

ARTICLE 4

Claims Stipulations and Releases

4.01 Allowed Claims of Payson Petroleum. The Parties stipulate and agree to allowance of (i) a general unsecured claim of Payson Petroleum in the 3 Well LP Bankruptcy Case in the amount of \$8,557,888.50, and (ii) a general unsecured claim of Payson Petroleum in the 2014 LP Bankruptcy Case in the amount of \$2,671,900.50.

4.02 Allowed Claim of 3 Well LP. The Parties stipulate and agree to allowance of a general unsecured claim of 3 Well LP in the Maricopa Bankruptcy Case in an amount equal to 27.78916% of the Subject Wells Net Proceeds actually disbursed to Maricopa pursuant to this Agreement.

4.03 Allowed Claim of 2014 LP. The Parties stipulate and agree to allowance of a general unsecured claim of 2014 LP in the Maricopa Bankruptcy Case in an amount equal to 72.21084% of the Subject Wells Net Proceeds actually disbursed to Maricopa pursuant to this Agreement.

4.04 Release by 2014 LP and 3 Well LP. Effective as of the Closing Date, 2014 LP and 3 Well LP (except for the 2014 LP and 3 Well LP Retained Claims as defined in this section) hereby release, waive, and discharge Payson Petroleum, Payson Operating, Maricopa, the Operator and the bankruptcy estates of Payson Petroleum, Payson Operating and Maricopa, from and against any and all liabilities, claims, rights, debts, causes of action, suits, matters, issues, damages, costs, injuries and demands whatsoever, whether at law or in equity, whether by contract or tort, at law or under any statute, known or unknown, discovered or undiscovered, accrued or unaccrued, liquidated or non-liquidated, contingent or absolute, which 2014 LP and/or 3 Well LP ever had or now has, or may hereafter have, either directly or indirectly, individually, representatively, derivatively, by virtue of subrogation, or by virtue of any action, inaction, matter, event, representation or circumstances, transactions or occurrences prior to the Closing Date (“2014 LP and 3 Well LP Released Claims”). Notwithstanding the foregoing, the release provided for in this section does not extend to or include (i) allowed unsecured claims set forth in Sections 4.02 and 4.03, and (ii) the contractual obligations of Payson Petroleum, Payson Operating and Maricopa pursuant to this Agreement and the Settlement Transaction Documents (“2014 LP and 3 Well LP Retained Claims”).

4.05 Release by Payson Petroleum, Payson Operating and Maricopa. Effective as of the Closing Date, Payson Petroleum, Payson Operating and Maricopa (except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims as defined in this section), hereby release, waive, and discharge 2014 LP and 3 Well LP and the bankruptcy estates of 2014 LP and 3 Well LP, from and against any and all liabilities, claims, rights, debts, causes of action, suits, matters, issues, damages, costs, injuries and demands whatsoever, whether at law or in equity, whether by contract or tort, at law or under any statute, known or unknown, discovered or undiscovered, accrued or unaccrued, liquidated or non-liquidated, contingent or absolute, which Payson Petroleum, Payson Operating and/or Maricopa ever had or now has, or may hereafter have, by virtue of any action, inaction, matter, event, representation or circumstances, transactions or occurrences prior to the Closing Date. Notwithstanding the foregoing, the release provided for in this section does not extend to or include (i) allowed unsecured claims set forth in Section 4.01, and (ii) the contractual obligations of 2014 LP and 3 Well LP pursuant to this Agreement and the Settlement Transaction Documents, (iii) claims and causes of action against any general partner or limited partner of 2014 LP or 3 Well LP, (iv) the Payson/3 Well LP Partnership Related Claims (as that term is defined in the 3 Well LP Subject Claims Assignment and Participation Agreement), (v) the Payson/2014 LP Partnership Related Claims (as that term is defined in the 2014 LP Subject Claims Assignment and Participation Agreement), and (vi) all rights with respect to all of the above, including as to third parties (“Payson Petroleum, Payson Operating and Maricopa Retained Claims”).

ARTICLE 5

Operation of Subject Wells

5.01 Operator. Traton Operating Company (an affiliate of Traton Engineering Associates, L.P.) (“Traton”) shall serve as contract operator of the Subject Wells in accordance with the terms of the Operating Agreement until such time as Traton either resigns as Operator or

is removed as Operator by the unanimous decision of Maricopa, 2014 LP and 3 Well LP. Effective as of the Closing Date, 2014 LP and 3 Well LP ratify and agree to be bound by the terms of the Operating Agreement.

5.02 Operation Standards. The Parties agree that Operator shall not be liable for any act or omission taken or omitted to be taken in its capacity as Operator of the Subject Wells, other than acts or omissions resulting from Operator's willful misconduct, gross negligence, or fraud. The Operator may, in connection with the performance of its operation of the Subject Wells, and in its sole absolute discretion, consult with Payson Operating and/or Payson Operating's attorneys, accountants and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such professionals. Notwithstanding such authority, the Operator shall be under no obligation to consult with Payson Operating and/or Payson Operating's the attorneys, accountants, or agents, and its determination to not do so shall not result in imposition of liability on the Operator unless such determination is based on willful misconduct, gross negligence, or fraud. The bankruptcy estates of Maricopa, 3 Well LP, and 2014 LP shall, JOINTLY AND SEVERALLY, indemnify and hold harmless the Operator and his or her agents, representatives, professionals, and employees ("Operator Group") from and against and in respect to any and all liabilities, losses, damages, claims, costs, and expenses, including, but not limited to attorneys' fees and costs arising out of or due to Operator Group's actions or omissions, or consequences of such actions or omissions, with respect to the operation of the Subject Wells, irrespective of cause or negligence; provided, however, that no such indemnification will be made to the Operator Group for such actions or omissions as a result of willful misconduct, gross negligence, or fraud.

ARTICLE 6

Subject Wells Net Proceeds

6.01 Establishment of Accounts. Within ten (10) Business Days following the Closing Date, Maricopa shall establish the Subject Wells Account.

6.02 Deposits into Subject Wells Account. Except to the extent otherwise ordered by the Bankruptcy Court, Maricopa shall deposit into the Subject Wells Account (i) the gross proceeds which it receives from the sale of Hydrocarbons produced from the Subject Wells, and (ii) the Subject Wells Net Sales Proceeds.

6.03 Operating Costs. Maricopa shall satisfy Subject Wells Operating Costs out of funds deposited in the Subject Wells Account.

6.04 Disbursement of Subject Wells Net Proceeds. Unless otherwise ordered by the Bankruptcy Court, within forty-five (45) days of the end of each calendar quarter, the Subject Wells Net Proceeds on deposit in the Subject Wells Account shall be disbursed as follows:

- (a) 55% to Maricopa;
- (b) 32.4945% to 2014 LP; and

(c) 12.5055% to 3 Well LP.

6.05 Accounting and Reporting. Within thirty (30) days of the end of each calendar month, the Operator shall provide the Parties with a report itemizing (i) Subject Wells Operating Costs and proceeds received by Maricopa from the sale of the Subject Wells Hydrocarbons, and, (ii) Marketing Expenses and, if applicable, the proceeds from the sale of the Subject Wells.

ARTICLE 7

Marketing and Sales of Subject Wells

7.01 Covenant to Market and Sell Subject Wells. Maricopa will exert good faith commercially reasonable efforts to market and sell the Subject Wells.

7.02 Information. Maricopa will promptly provide a copy of any offer it receives to purchase the Subject Wells to 2014 LP and 3 Well LP.

7.03 Section 363 Sale. The Subject Wells will be sold by Maricopa under 11 U.S.C. § 363 pursuant to orders entered in the Bankruptcy Cases.

ARTICLE 8

Representations and Warranties

8.01 Review and Approval. Each Party represents to the other Party that its representatives have reviewed this Agreement together with all exhibits and they (i) understand fully the terms of this Agreement and the consequences of the issuance thereof, (ii) have been afforded an opportunity to have this Agreement reviewed by legal counsel, and (iii) have entered into this Agreement of their own free will and accord and without threat or duress.

8.02 Authority. Each Party represents to the other Party that (i) the undersigned representative is fully authorized to execute this Agreement on its behalf, and (ii) upon entry of the Settlement Approval Orders, will have full authority to consummate the transactions provided for herein.

8.03 Disclaimer. Each Party represents and warrants to the other Party that in executing and entering into this Agreement, it is not relying and has not relied upon any representation, promise or statement made by anyone which is not recited, contained or embodied in this Agreement. Each Party understands and expressly assumes the risk that any fact not recited, contained or embodied herein or therein may turn out hereafter to be other than, different from, or contrary to the facts now known to them or believed by them to be true.

ARTICLE 9

Miscellaneous

9.01 Entire Agreement. This Agreement, including all exhibits attached hereto and made a part hereof, constitute the entire agreement between the Parties with respect to the transactions contemplated hereby and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to such transactions.

9.02 Survival. All representations, warranties, covenants and agreements of the Parties made in this Agreement shall survive the execution and delivery of this Agreement until such time as all of the obligations of the signatories to such document shall have lapsed in accordance with their respective terms or shall have been discharged in full.

9.03 Waiver. No waiver by a Party of any of the provisions of this Agreement (a) shall be binding unless executed in writing by such party, (b) shall be deemed or shall constitute a waiver by such party of any other provision hereof (whether or not similar), and (c) shall not constitute a continuing waiver by such party.

9.04 Further Assurances. The Parties will take such actions and execute and deliver such other documents or agreements as may be necessary or desirable for the implementation of this Agreement and the consummation of the transactions contemplated hereby.

9.05 Notices. Any notice, request, consent, approval, waiver or other communication provided or permitted to be given under this Agreement shall be in writing and shall be delivered in person or sent by U.S. mail, overnight courier, electronic mail or fax to the appropriate addresses set forth below. Any such communication shall be effective upon actual receipt; provided, however, that in the case of delivery by fax after the normal business hours of the recipient, such communication shall be effective on the next business day following the transmission of such fax. For purposes of notice, the addresses of the Parties shall be as follows:

If to Payson Petroleum, Payson Operating or Maricopa:

Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, Texas 75605
Fax: 903.757.3399
Email: jsearcy@jsearcylaw.com

with a copy to:

Blake Hamm
Snow Spence Green LLP
2929 Allen Parkway, Suite 2800
Houston, TX 77019
Fax: 713.335.4848
Email: blakehamm@snowspencelaw.com

If to 3 Well LP or 2014 LP:

Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201
Fax: 214.871.2111
Email: cmoser@qslwm.com

with a copy to:

Keith W. Harvey
The Harvey Law Firm, P.C.
6510 Abrams Road, Ste. 280
Dallas, TX 75231
Fax: 972.241.3970
Email: harvey@keithharveylaw.com

Each Party shall have the right, upon giving ten (10) days' prior notice to the other party in the manner provided in this section, to change its address for purposes of notice.

9.06 Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas, notwithstanding any applicable conflict of laws provision. Any dispute regarding this Agreement shall be subject to mandatory venue in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

9.07 Multiple Counterparts. The Parties agree that facsimile and electronic signatures shall have the same force and effect as original signatures. This Agreement may be executed in counterparts and all counterparts so executed shall constitute one agreement which shall be binding on the Parties hereto.

9.08 Modification. This Agreement cannot be altered, changed or modified except in writing executed by a duly authorized representative for each of the Parties.

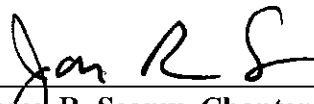
9.09 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions

of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner with respect to any Party. Upon determination of a court of competent jurisdiction that any term or other provision of this Agreement is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to affect the original intent of the Parties as closely as possible. The obligations of the Parties hereunder are severable and not joint.


9.10 Costs and Attorneys' Fees. If either Party retains an attorney in connection with any breach of this Agreement, the prevailing party is entitled to collect its reasonable costs and expenses incurred in any such suit or proceeding, including reasonable attorneys' fees.

[Signature Pages Follow]

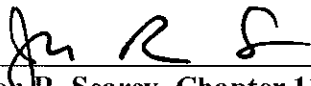
PAYSON PETROLEUM, INC.

By: 
Jason R. Searcy, Chapter 11 Trustee

PAYSON OPERATING, LLC

By: 
Jason R. Searcy, Chapter 11 Trustee

MARICOPA RESOURCES, LLC

By: 
Jason R. Searcy, Chapter 11 Trustee

PAYSON PETROLEUM 3 WELL, L.P.

By: _____
Christopher J. Moser, Chapter 7 Trustee

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: _____
Christopher J. Moser, Chapter 7 Trustee

PAYSON PETROLEUM, INC.

By: _____
Jason R. Searcy, Chapter 11 Trustee

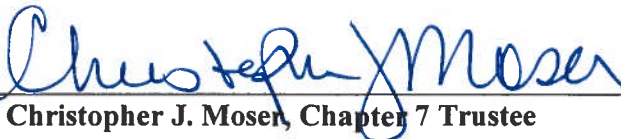
PAYSON OPERATING, LLC

By: _____
Jason R. Searcy, Chapter 11 Trustee

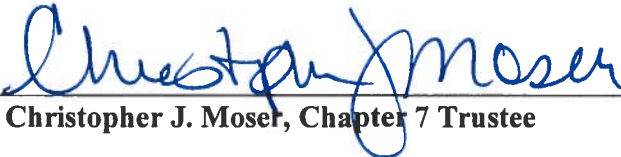
MARICOPA RESOURCES, LLC

By: _____
Jason R. Searcy, Chapter 11 Trustee

PAYSON PETROLEUM 3 WELL, L.P.

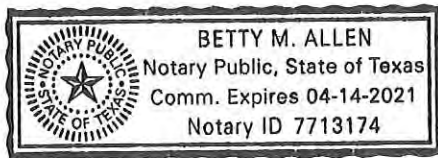
By:  _____
Christopher J. Moser, Chapter 7 Trustee

PAYSON PETROLEUM 3 WELL 2014, L.P.

By:  _____
Christopher J. Moser, Chapter 7 Trustee

STATE OF TEXAS §
 §
COUNTY OF GREGG §

BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **PAYSON PETROLEUM, INC.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Betty M. Allen
Notary Public in and for State of Texas
My Commission Expires: 04-14-2021

STATE OF TEXAS §
 §
COUNTY OF GREGG §

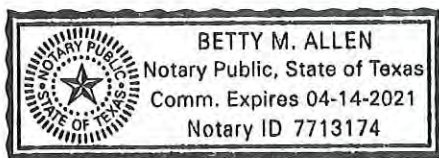
BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **PAYSON OPERATING, LLC**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Betty M. Allen
Notary Public in and for State of Texas
My Commission Expires: 04-14-2021

STATE OF TEXAS §
 §
COUNTY OF GREGG §

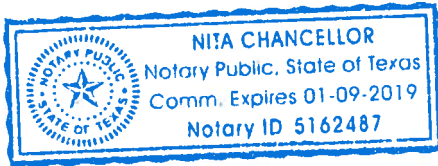
BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **MARICOPA RESOURCES, LLC**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Betty M. Allen
Notary Public in and for State of Texas
My Commission Expires: 04-14-2021

STATE OF TEXAS §
 §
 COUNTY OF Dallas §

BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Christopher J. Moser, the Chapter 7 Trustee of **PAYSON PETROLEUM 3 WELL, L.P.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Nita Chancellor
 Notary Public in and for State of Texas
 My Commission Expires: 1-9-2019

STATE OF TEXAS §
 §
 COUNTY OF Dallas §

BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Christopher J. Moser, the Chapter 7 Trustee of **PAYSON PETROLEUM 3 WELL 2014, L.P.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Nita Chancellor
 Notary Public in and for State of Texas
 My Commission Expires: 1-9-2019

EXHIBIT LIST

Exhibit 1	2014 LP Subject Claims Assignment and Participation Agreement
Exhibit 2	3 Well LP Subject Claims Assignment and Participation Agreement
Exhibit 3	Agreed Final Judgment
Exhibit 4	Joint Motion for Entry of Agreed Final Judgment
Exhibit 5	Contract Operating Services Agreement
Exhibit 6	Settlement Approval Order
Exhibit 7	Settlement Motions
Exhibit 8	Subject Wells Assignments

EXHIBIT 1 TO SETTLEMENT AGREEMENT

2014 LP SUBJECT CLAIMS ASSIGNMENT AND PARTICIPATION AGREEMENT

SUBJECT CLAIMS ASSIGNMENT AND PARTICIPATION AGREEMENT
(2014 LP)

This Subject Claims Assignment and Participation Agreement (the “Agreement”) is entered into as of _____, 2017 by and between Payson Petroleum, Inc. (“Payson Petroleum”) and Payson Petroleum 3 Well 2014, L.P. (“2014 LP”), referred to individually herein as a “Party” and collectively as, the “Parties.”

R E C I T A L S

WHEREAS, Christopher J. Moser is the duly appointed Chapter 7 Trustee in the 2014 LP Bankruptcy Case (defined below).

WHEREAS, Jason R. Searcy is the duly appointed Chapter 11 Trustee in the Payson Petroleum Bankruptcy Case (defined below).

WHEREAS, 2014 LP and Payson Petroleum are parties to the Settlement Agreement (defined below) which provides for entry into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

ARTICLE 1

Definitions

1.01 **Defined Terms.** The following terms, as used in this Agreement, shall have the meanings indicated below, unless the context otherwise requires:

“2014 LP” means Payson Petroleum 3 Well 2014, L.P., Christopher J. Moser in his capacity of Chapter 7 trustee of Payson Petroleum 3 Well 2014, L.P. and the Payson Petroleum 3 Well 2014, L.P. bankruptcy estate.

“2014 LP Avoidance Action Claims” means all claims and causes of action of 2014 LP arising under Chapter 5 of the Bankruptcy Code.

“2014 LP Avoidance Action Claims Net Recovery” means any Net Recovery for or on account of the 2014 LP Avoidance Action Claims.

“2014 LP Bankruptcy Case” means Bankruptcy Case No. 17-40180 styled *In re Payson Petroleum 3 Well 2014, L.P., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“2014 LP Participation Interest” means an undivided fifty percent (50%) interest.

“2014 LP Partnership Related Claims” means all rights, claims, causes of action and

rights of contribution of 2014 LP (independent of Section 2.02 of this Agreement) against any current or former general partner or limited partner of 2014 LP, including but not limited to claims under 11 U.S.C. § 723.

“2014 LP Partnership Related Claims Net Recovery” means any Net Recovery for or on account of the 2014 LP Partnership Related Claims.

“Bankruptcy Code” means The Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, as now in effect or hereafter amended.

“Net Recovery” means the Recovery net of all expenses and fees (including Special Counsel fees) incurred in connection with investigation, prosecution and collection of the Subject Claims.

“Payson/2014 LP Partnership Related Claims” means all rights, claims and causes of action of Payson Petroleum (independent of Section 2.01 of this Agreement) against any current or former general partner or limited partner of 2014 LP.

“Payson/2014 LP Partnership Related Claims Net Recovery” means the Net Recovery for and on account of the Payson/2014 LP Partnership Related Claims.

“Payson Petroleum” means Payson Petroleum, Inc., Jason Searcy in his capacity of Chapter 11 trustee of Payson Petroleum, Inc. and the Payson Petroleum, Inc. bankruptcy estate.

“Payson Petroleum Bankruptcy Case” means Bankruptcy Case No. 16-41044 styled *In re Payson Petroleum, Inc., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“Payson Petroleum Participation Interest” means an undivided fifty percent (50%) interest.

“Recovery” means (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Parties for or on account of or in satisfaction or partial satisfaction thereof with respect to the Subject Claims.

“Settlement Agreement” means the Settlement Agreement entered into as of September ___, 2017 by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee for the Searcy Bankruptcy Cases, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee for the Moser Bankruptcy Cases.

“Settlement Approval Order” has the meaning defined in the Settlement Agreement.

“Special Counsel” means Snow Spence Green LLP.

“Special Counsel Engagement Agreements” means (i) the August 15, 2016 Engagement Letter Agreement by and between Snow Spence Green LLP and Jason R. Searcy, Chapter 11

Trustee of Payson Petroleum, Inc., Maricopa Resources, LLC and Payson Operating, LLC, (ii) the Engagement Letter Agreement between 2014 LP, 3 Well LP, Payson Petroleum and Snow Spence Green LLP substantially in the form of **Exhibit 1**, and (iii) the Engagement Letter Agreement between 2014 LP, Payson Petroleum and Snow Spence Green LLP in the form of **Exhibit 2**.

“Subject Claims” means all 2014 LP Avoidance Action Claims, all 2014 LP Partnership Related Claims and all Payson/2014 LP Partnership Related Claims.

1.02 **Amendment of Defined Instruments.** Unless the context otherwise requires or unless otherwise provided herein, the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document. Nothing contained in this Agreement will be construed to authorize any renewal, extension, modification, amendment or restatement of this Agreement or any agreement, instrument or document referred to herein.

1.03 **References and Titles.** All references in this Agreement to Exhibits, Articles, Sections, subsections and other subdivisions refer to the Exhibits, Articles, Sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only, do not constitute any part of those subdivisions and will be disregarded in construing the language contained in those subdivisions. The words “this Agreement,” “this instrument,” “herein,” “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases “this section” and “this subsection” and similar phrases refer only to the sections or subsections of this Agreement in which those phrases occur. The word “or” is not exclusive; the word “including” (in its various forms) means “including without limitation.” Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time; (b) any reference herein to any person shall be construed to include such person's successors and assigns (subject to the restrictions contained herein); (c) with respect to the determination of any time period, the word “from” means “from and including” and the word “to” means “to and including;” and (d) all dollar amounts refer to United States dollars. A reference herein to a number of “days” will be intended to refer to that number of calendar (as opposed to working) days, unless otherwise specifically provided. No provision of this Agreement shall be interpreted or construed more strictly against any person solely because such person or its legal representative drafted such provision.

ARTICLE 2

Assignment

2.01 **Assignment by 2014 LP of Participation Interest.** 2014 LP hereby absolutely and unconditionally sells, transfers and assigns to Payson Petroleum, the Payson Petroleum Participation Interest in (i) the 2014 LP Avoidance Action Claims Net Recovery, and (ii) the 2014

LP Partnership Related Claims Net Recovery.

2.02 Assignment by Payson Petroleum of Participation Interest. Payson Petroleum hereby absolutely and unconditionally sells, transfers and assigns to 2014 LP, the 2014 LP Participation Interest in the Payson/2014 LP Partnership Related Claims Net Recovery.

ARTICLE 3

Preservation, Prosecution and Authority

3.01 Preservation. 2014 LP retains all 2014 LP Avoidance Action Claims and all 2014 LP Partnership Related Claims subject to the Payson Petroleum Participation Interest and Payson Petroleum's rights hereunder. Upon entry of the Settlement Approval Order in the 2014 LP Bankruptcy Case and execution of this Agreement, Payson Petroleum is vested with and may enforce and prosecute (or determine to do any of the foregoing) the 2014 LP Avoidance Action Claims and 2014 LP Partnership Related Claims without further order of the Bankruptcy Court. Payson Petroleum's right to commence, prosecute or settle 2014 LP Avoidance Action Claims and 2014 LP Partnership Related Claims shall be preserved. No preclusion doctrine, including the doctrines of res judicata; collateral estoppel, issue preclusion, claim preclusion, estoppel shall apply to the 2014 LP Avoidance Action Claims or 2014 LP Partnership Related Claims by virtue of entry into this Agreement. Payson Petroleum in connection with the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims shall constitute the representative of the 2014 LP bankruptcy estate for purposes of prosecuting the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims.

3.02 Standing. The Parties stipulate and agree that Payson Petroleum shall have standing to assert and prosecute on behalf of 2014 LP all 2014 LP Avoidance Action Claims and all 2014 LP Partnership Related Claims.

3.03 Authority. Subject to Section 6.01, Payson Petroleum shall have exclusive authority with respect to the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims. The exclusive authority of Payson Petroleum includes investigation, management and settlement of all litigation related to the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims.

ARTICLE 4

Special Counsel

4.01 Engagement of Counsel. Snow Spence Green LLP is engaged pursuant to the Special Counsel Engagement Agreement, dated August 15, 2016 (approved by Bankruptcy Court order dated September 19, 2016), to investigate and prosecute the Payson/3Well LP Partnership Related Claims.

4.02 Engagement Agreement. Snow Spence Green LLP (subject to Bankruptcy Court approval) is engaged to investigate and prosecute the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims pursuant to the terms of the Special Counsel Engagement Agreement attached as Exhibit 2. 2014 LP shall cause an order approving the engagement of Snow Spence Green LLP and the Special Counsel Engagement Agreement, attached as Exhibit 2, to be entered in the 2014 LP Bankruptcy Case.

ARTICLE 5

Application of Recoveries

5.01 Fees and Expenses. Any Recovery shall be applied first, to satisfy fees pursuant to the Special Counsel Engagement Agreements and, second, to expenses incurred by Special Counsel and Payson Petroleum in connection with investigation, prosecution and collection of the Subject Claims.

5.02 Disbursement of Net Recoveries. Payson Petroleum is hereby assigned and shall receive the Payson Petroleum Participation Interest in all (i) 2014 LP Partnership Related Claims Net Recoveries, (ii) 2014 LP Avoidance Action Claims Net Recoveries, and (iii) Payson/2014 LP Partnership Related Claims Net Recoveries. 2014 LP is hereby assigned and shall receive the 2014 LP Participation Interest in all (x) 2014 LP Partnership Related Claims Net Recoveries, (y) 2014 LP Avoidance Action Claims Net Recoveries, and (z) Payson/2014 LP Partnership Related Claims Net Recoveries.

ARTICLE 6

Miscellaneous

6.01 Settlement. Any settlement of a Subject Claim is subject to Bankruptcy Court approval.

6.02 Discretion. Payson Petroleum shall determine in its sole discretion the Subject Claims to investigate and prosecute. Subsequent to October 1, 2018, Payson Petroleum shall, upon the written request of 2014 LP, release from this Agreement and assign back to 2014 LP any 2014 LP Partnership Related Claim or 2014 LP Avoidance Action Claim which Payson Petroleum which it has determined that it will not prosecute.

6.03 Indemnification. 2014 LP hereby indemnifies and holds harmless Payson Petroleum and its agents, representatives, professionals and employees from and against and in respect to any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to, attorneys' fees and costs arising out of or due to its actions or omissions, or consequences of such actions or omissions, with respect to Payson Petroleum's investigation, management, prosecution or settlement of the Subject Claims; provided, however, that no such indemnification will be made to Payson Petroleum for actions or omissions resulting from willful misconduct, gross negligence or fraud.

6.04 Entire Agreement. This Agreement, including all exhibits attached hereto and

made a part hereof, constitute the entire agreement between the Parties with respect to the transactions contemplated hereby and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to such transactions.

6.05 Survival. All representations, warranties, covenants and agreements of the Parties made in this Agreement shall survive the execution and delivery of this Agreement until such time as all of the obligations of the signatories to such document shall have lapsed in accordance with their respective terms or shall have been discharged in full.

6.06 Waiver. No waiver by a Party of any of the provisions of this Agreement (a) shall be binding unless executed in writing by such Party, (b) shall be deemed or shall constitute a waiver by such Party of any other provision hereof (whether or not similar), and (c) shall not constitute a continuing waiver by such Party.

6.07 Further Assurances. The Parties will take such actions and execute and deliver such other documents or agreements as may be necessary or desirable for the implementation of this Agreement and the consummation of the transactions contemplated hereby.

6.08 Notices. Any notice, request, consent, approval, waiver or other communication provided or permitted to be given under this Agreement shall be in writing and shall be delivered in person or sent by U.S. mail, overnight courier, electronic mail or fax to the appropriate addresses set forth below. Any such communication shall be effective upon actual receipt; provided, however, that in the case of delivery by fax after the normal business hours of the recipient, such communication shall be effective on the next business day following the transmission of such fax. For purposes of notice, the addresses of the Parties shall be as follows:

If to Payson Petroleum:

Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, Texas 75605
Fax: 903.757.3399
Email: jsearcy@jsearcylaw.com

with a copy to:

Blake Hamm
Snow Spence Green LLP
2929 Allen Parkway, Suite 2800
Houston, TX 77019
Fax: 713.335.4848
Email: blakehamm@snowspencelaw.com

If to 2014 LP:

Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201
Fax: 214.871.2111
Email: cmoser@qslwm.com

with a copy to:

Keith W. Harvey
The Harvey Law Firm, P.C.
6510 Abrams Road, Ste. 280
Dallas, TX 75231
Fax: 972.241.3970
Email: harvey@keithharveylaw.com

Each Party shall have the right, upon giving ten (10) days' prior notice to the other party in the manner provided in this section, to change its address for purposes of notice.

6.09 Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas, notwithstanding any applicable conflict of laws provision. Any dispute regarding this Agreement shall be subject to mandatory venue in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

6.10 Multiple Counterparts. The Parties agree that facsimile and electronic signatures shall have the same force and effect as original signatures. This Agreement may be executed in counterparts and all counterparts so executed shall constitute one agreement which shall be binding on the Parties hereto.

6.11 Modification. This Agreement cannot be altered, changed or modified except in writing executed by a duly authorized representative for each of the Parties.

6.12 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner with respect to any Party. Upon determination of a court of competent jurisdiction that any term or other provision of this Agreement is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to affect the original intent of the Parties as closely as possible. The obligations of the Parties hereunder are severable and not joint.

6.13 Costs and Attorneys' Fees. If either Party retains an attorney in connection with any default or to collect, enforce, or defend this Agreement in any lawsuit, reorganization, bankruptcy or other proceeding, the prevailing party is entitled to collect its reasonable costs and expenses incurred in any such suit or proceeding, including reasonable attorneys' fees.

[Signature Pages Follow]

PAYSON PETROLEUM, INC.

By: _____
Jason R. Searcy, Chapter 11 Trustee

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: _____
Christopher J. Moser, Chapter 7 Trustee



_____, 2017

VIA EMAIL: cmoser@qslwm.com

VIA EMAIL: jsearcy@jsearcylaw.com

Mr. Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201

Mr. Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, TX 75605

Re: Proposed Engagement Agreement

Bankruptcy Case No. 17-40179; *In re Payson Petroleum 3 Well, L.P.* in the United States Bankruptcy Court, Eastern District of Texas, Sherman Division (the “Bankruptcy Case”)

Mr. Moser and Mr. Searcy:

This letter sets forth the terms of engagement of Snow Spence Green LLP (“SSG”) to analyze and pursue at the discretion of Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc. certain claims and causes of action and objections on behalf of the bankruptcy estate of Payson Petroleum 3 Well, L.P. (“3 Well LP” or “Debtor”). This agreement is entered into pursuant to the terms of a Settlement Agreement by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee, dated _____, 2017, and is subject to Bankruptcy Court approval. Upon the execution of this letter agreement, we will prepare for your review and approval a motion to employ SSG as special litigation counsel under 11 U.S.C. §§ 327(e) and 328.

Description of Engagement. The client pursuant to this Engagement Agreement is Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., acting in his capacity as a representative of the 3 Well LP bankruptcy estate (“Client”) pursuant to the terms of the Subject Claims Assignment and Participation Agreement between Payson Petroleum, Inc. and 3 Well LP. The representation by SSG pursuant to this Agreement would be limited to investigation and prosecution (to the extent determined by SSG to be cost justified) of the following:

- a. 3 Well LP’s claims and causes of action under either chapter 5 of the United States Bankruptcy Code or any applicable state fraudulent transfer (“Avoidance Actions”); and
- b. 3 Well LP’s rights, claims, causes of action, and rights of contribution against any current or former general partner or limited partner of 3 Well LP, including but not limited to claims under 11 U.S.C. § 723 (“Partnership Related Claims”); and
- c. objections to the allowance of claims asserted against Debtor as to which claims and causes of action are asserted by Client.

_____, 2017
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(collectively, the “Subject Matters”). Claims, causes of action and/or objections with respect to a specific party are referred to as a “Specific Subject Matter”. SSG’s representation of Client pursuant to this agreement will be limited to the specific matters referenced herein, and SSG is not undertaking, absent a specific engagement letter to the contrary, to represent Client in other matters or in any general counsel capacity.

SSG will be responsible for the drafting of documents, preparation of pleadings, attending court hearings and trials, participating in negotiations, performing legal research, and conducting conferences, and consultations as may be necessary to represent you with respect to each claim for which litigation is commenced.

Although SSG will endeavor to obtain results satisfactory to Client, we cannot guarantee that we will be successful. As part of this agreement, Client and Christopher J. Moser, Chapter 7 Trustee of 3 Well LP (the “3 Well LP Trustee”) acknowledge that (i) neither SSG nor any of its respective professionals have made any promises or guarantees regarding any outcome of the Subject Matters and that no guarantees or promises can be made regarding the outcome thereof; (ii) neither SSG nor any of its respective professionals have made any promises or guarantees regarding the length of time required to obtain the resolution of the Subject Matters; and (iii) either at the beginning or during the course of its representation, SSG may express its opinions or beliefs concerning the Subject Matters and the results that might be anticipated; but that any such statement(s) are intended to be an expression of opinion only, based on information available at the time, and must not be construed by Client or 3 Well LP Trustee as a promise or guarantee, as no such promises or guarantees are possible.

Client and 3 Well LP Trustee acknowledge and agree that SSG is under no obligation to represent them with respect to a Subject Matter if SSG determines, in its sole discretion, that pursuit of any particular Subject Matter is not cost justified.

To enable SSG to effectively perform the contemplated services, it is essential that Client and the 3 Well LP Trustee disclose fully and accurately all facts and keep us apprised of all developments relating to the Subject Matters. Client and the 3 Well LP Trustee agree to cooperate fully with SSG and to make themselves and their representatives available to attend meetings, conferences, hearings and other proceedings.

Legal Fees. The representation will be handled on a contingency fee basis with SSG’s fee being dependent upon recovery through settlement or trial, except in the event of discharge or withdrawal from representation as provided below. The fees to be paid to SSG will be a percentage of the “Recovery” (as defined below) realized with respect to each Specific Subject Matter. The Client and the 3 Well LP Trustee agree to pay SSG a contingent fee based upon (i) the outcome achieved with respect to each Specific Subject Matter, and (ii) the occurrence of specified benchmark events with respect to each Specific Subject Matter. The agreed upon percentages and benchmarks are set forth below:

_____, 2017
Page 3

Fees as a
Percent of
Recovery

Benchmark Event

- | | |
|-----|--|
| 33% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter prior to the earlier of (i) submission of a proposed joint pre-trial order, or (ii) submission of a position statement to an agreed upon or court appointed mediator for the Specific Subject Matter. |
| 35% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after submission of a position statement to an agreed upon or court appointed mediator for a Specific Subject Matter. |
| 40% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after the earlier of (i) conclusion of an unsuccessful mediation, or (ii) submission of a proposed joint pre-trial order. |

The Client and the 3 Well LP Trustee acknowledge that the foregoing contingency fee terms are not set by law, but are negotiable, and have been negotiated, between the Client, the 3 Well LP Trustee.

The term “Recovery” shall mean (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Client and/or the 3 Well LP Trustee as of the date of recovery, plus (iii) the value of any claim that is released or disallowed, plus (iv) the value of any potential unsecured claim based upon § 502(h) of the Bankruptcy Code that is released or disallowed. The dollar amount of each Recovery with respect to a Specific Subject Matter will be calculated before deduction of any applicable expenses of the lawsuit. For purposes of this agreement, if a proof of claim was filed by the subject creditor, the dollar amount of a the claim released or disallowed (other than any claim under § 506(h) of the Bankruptcy Code) will be determined based upon the dollar amount set forth in the proof of claim filed by the subject creditor which is released or disallowed. If a proof of claim was not filed by the subject creditor, the dollar amount released or disallowed will be determined based upon the dollar amount set forth in the Schedules and Assets and Liabilities filed in the bankruptcy cases by 3 Well LP with respect to the subject creditor which is released or disallowed. For purposes of this agreement, the value of each dollar of each pre-petition claim or administrative claim released or disallowed will be determined based on the projected percentage recovery of the applicable class of claim. For example, if the projected recovery by unsecured claim holders was 25% on the dollar, then the value of each dollar of unsecured claim released or discharged would be .25¢.

Subject to the terms of this Agreement, the Client and the 3 Well LP Trustee hereby convey, transfer, and assign to SSG an undivided interest in the Subject Matters, such interest being equal to the amount of the percentages therein described above.

Out-of-Pocket Expenses. Client and the 3 Well LP Trustee acknowledge and agree that in connection with investigation and prosecution of the Subject Matters, the services of third parties will be necessary. Such other persons and entities may include, but are not limited to, court reporters, accountants, investigators and expert witnesses. Such third party fees and expenses will be billed directly to Client. Client will be responsible for paying fees and expenses of third parties. In the event that there are insufficient funds in the estate to timely pay for the third party services, SSG will advance the amount necessary and such advances will be treated as reimbursable expenses.

_____, 2017
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Client and the 3 Well LP Trustee further acknowledge that SSG will incur various expenses in providing services to Client. Client agrees to reimburse SSG for all out-of-pocket expenses paid by SSG. Such expenses include, but are not limited to, charges for serving and filing papers, courier or messenger services, recording and certifying documents, depositions, transcripts, investigations, witnesses, long distance telephone calls, copying materials, and travel expenses. Expenses advanced by SSG would be reimbursed by Client solely out of Recoveries.

Settlements. Any settlement offer received by SSG will be immediately conveyed to Client and the 3 Well LP Trustee with our recommendation for acceptance or rejection. Any settlement offer received by Client and the 3 Well LP Trustee will be conveyed to SSG for notice purposes only.

No settlement of any nature shall be made for the Subject Matters without the approval of Client and the United States Bankruptcy Court. Client acknowledges that all communications from adverse parties or their counsel in connection with the Subject Matters are required to be directed to SSG, as counsel, pursuant to Texas Disciplinary Rule of Professional Conduct 4.02; and Client agrees to instruct all adverse parties and their counsel to communicate only through SSG, unless SSG agrees otherwise.

Conflict Matters. SSG has represented and currently represents Client on an ongoing basis with matters related to this Bankruptcy Case and other cases including, but not limited to, matters in the following bankruptcy cases: (i) *In re Payson Petroleum, Inc.* (Bankruptcy Case No. 16-41044); (ii) *In re Payson Operating, LLC* (Bankruptcy Case No. 16-41045); (iii) *In re Maricopa Resources, LLC* (Bankruptcy Case No. 16-41043); and (iv) *In re Payson Petroleum 3 Well 2014, L.P.* (Bankruptcy Case No. 17-40180). While SSG does not anticipate that its prior and/or current representation of Client will adversely affect Client's or 3 Well LP Trustee's interests in the Subject Matters, applicable rules of professional conduct require that SSG obtain Client's consent to its representation of Client with respect to the Subject Matters. Client acknowledges his express and informed consent to SSG's representation of Client with respect to the Subject Matters as well as SSG's continuing representation of Client in other matters, including related matters. 3 Well LP Trustee acknowledges that he is aware that SSG represents Client in other matters, including the above-referenced related matters, and waives any conflict relating thereto.

If a controversy arises between you and any other client of SSG, SSG, after taking into account the applicable rules of professional ethics, may decline to represent you or such other client or both you and such other client. Following the conclusion of our representation of you in this matter, SSG reserves the right to represent other future clients on unrelated matters which may be adverse to your interests.

Withdrawal/Termination of Representation. Our representation may be terminated prior to the conclusion of the Subject Matters covered under this engagement letter by written notice to the other party. SSG reserves the right to withdraw from its representation if, among other things, Client fails to honor the terms of this engagement letter or fails to cooperate or follow SSG's advice on a material matter, or if any fact or circumstance would, in SSG's view, render our continuing representation unlawful, unethical or ineffective. No such termination or withdrawal, however, will relieve Client of the obligation to pay the legal fees owed for services performed and other charges owing to SSG as set forth in this agreement.

Work Files – Retention and Disposition. SSG will maintain all documents furnished to us in our files for this matter. At the conclusion of the matter covered under this engagement letter (or earlier, if appropriate), it is Client's and the 3 Well LP Trustee's obligation to advise us as to which, if any, documents

_____, 2017
Page 5

in our files they wish SSG to return. SSG may keep copies thereof for our records to the extent we believe advisable. SSG will retain any remaining documents in our files for a period of one (1) year following conclusion of our representation in this matter. THEREAFTER, SUCH FILES MAY, AT OUR SOLE DISCRETION AND WITHOUT FURTHER NOTICE TO YOU, BE DESTROYED.

Email Communications. To the extent appropriate, SSG communicates with respective clients (and others) by means of electronic mail. The use of email has proven over time to be an effective and efficient means of exchanging both messages and documents. We are mindful of the concerns of some clients that email transmission could be compromised, and thus prohibit its use or prohibit its use in an unencrypted form. The use of encryption, however, though intended to be “seamless” in use, has caused difficulties in communication with some parties. Thus, to avoid the possibility of disruptions in the flow of information, and prompted by the near-unanimity on the part of bar associations throughout the country, as well as the American Bar Association, in support of the preservation of attorney-client privileges in unencrypted email communications, unless specifically instructed by you, we will assume your consent to use of unencrypted email as a means of communication.

Approval of Terms of Engagement. If the above and foregoing meets with your understanding, please so indicate by executing this agreement in the place provided below for your signature. A copy of this agreement should be retained for your files.

Bankruptcy Court Approval. The parties acknowledge that the Bankruptcy Court must approve this agreement.

Regards,

SNOW SPENCE GREEN LLP

By: _____
Phil F. Snow

Accepted and Agreed this _____ day of _____, 2017:

By: _____
Christopher J. Moser
Chapter 7 Trustee for Payson Petroleum 3 Well, L.P.

By: _____
Jason R. Searcy
Chapter 11 Trustee for Payson Petroleum, Inc.



_____, 2017

VIA EMAIL: cmoser@qslwm.com

VIA EMAIL: jsearcy@jsearcylaw.com

Mr. Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201

Mr. Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, TX 75605

Re: Proposed Engagement Agreement

Bankruptcy Case No. 17-40180; *In re Payson Petroleum 3 Well 2014, L.P.* in the United States Bankruptcy Court, Eastern District of Texas, Sherman Division (the “Bankruptcy Case”)

Mr. Moser and Mr. Searcy:

This letter sets forth the terms of engagement of Snow Spence Green LLP (“SSG”) to analyze and pursue at the discretion of Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc. certain claims and causes of action and objections on behalf of the bankruptcy estate of Payson Petroleum 3 Well 2014, L.P. (“2014 LP” or “Debtor”). This agreement is entered into pursuant to the terms of a Settlement Agreement by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee, dated _____, 2017, and is subject to Bankruptcy Court approval. Upon the execution of this letter agreement, we will prepare for your review and approval a motion to employ SSG as special litigation counsel under 11 U.S.C. §§ 327(e) and 328.

Description of Engagement. The client pursuant to this Engagement Agreement is Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., acting in his capacity as a representative of the 2014 LP bankruptcy estate (“Client”) pursuant to the terms of the Subject Claims Assignment and Participation Agreement between Payson Petroleum, Inc. and 2014 LP. The representation by SSG pursuant to this Agreement would be limited to investigation and prosecution (to the extent determined by SSG to be cost justified) of the following:

- a. 2014 LP’s claims and causes of action under either chapter 5 of the United States Bankruptcy Code or any applicable state fraudulent transfer (“Avoidance Actions”); and
- b. 2014 LP’s rights, claims, causes of action, and rights of contribution against any current or former general partner or limited partner of 2014 LP, including but not limited to claims under 11 U.S.C. § 723 (“Partnership Related Claims”); and
- c. objections to the allowance of claims asserted against Debtor as to which claims and causes of action are asserted by Client.

_____, 2017
Page 2

(collectively, the “Subject Matters”). Claims, causes of action and/or objections with respect to a specific party are referred to as a “Specific Subject Matter”. SSG’s representation of Client pursuant to this agreement will be limited to the specific matters referenced herein, and SSG is not undertaking, absent a specific engagement letter to the contrary, to represent Client in other matters or in any general counsel capacity.

SSG will be responsible for the drafting of documents, preparation of pleadings, attending court hearings and trials, participating in negotiations, performing legal research, and conducting conferences, and consultations as may be necessary to represent you with respect to each claim for which litigation is commenced.

Although SSG will endeavor to obtain results satisfactory to Client, we cannot guarantee that we will be successful. As part of this agreement, Client and Christopher J. Moser, Chapter 7 Trustee of 2014 LP (the “2014 LP Trustee”) acknowledge that (i) neither SSG nor any of its respective professionals have made any promises or guarantees regarding any outcome of the Subject Matters and that no guarantees or promises can be made regarding the outcome thereof; (ii) neither SSG nor any of its respective professionals have made any promises or guarantees regarding the length of time required to obtain the resolution of the Subject Matters; and (iii) either at the beginning or during the course of its representation, SSG may express its opinions or beliefs concerning the Subject Matters and the results that might be anticipated; but that any such statement(s) are intended to be an expression of opinion only, based on information available at the time, and must not be construed by Client or 2014 LP Trustee as a promise or guarantee, as no such promises or guarantees are possible.

Client and 2014 LP Trustee acknowledge and agree that SSG is under no obligation to represent them with respect to a Subject Matter if SSG determines, in its sole discretion, that pursuit of any particular Subject Matter is not cost justified.

To enable SSG to effectively perform the contemplated services, it is essential that Client and the 2014 LP Trustee disclose fully and accurately all facts and keep us apprised of all developments relating to the Subject Matters. Client and the 2014 LP Trustee agree to cooperate fully with SSG and to make themselves and their representatives available to attend meetings, conferences, hearings and other proceedings.

Legal Fees. The representation will be handled on a contingency fee basis with SSG’s fee being dependent upon recovery through settlement or trial, except in the event of discharge or withdrawal from representation as provided below. The fees to be paid to SSG will be a percentage of the “Recovery” (as defined below) realized with respect to each Specific Subject Matter. The Client and the 2014 LP Trustee agree to pay SSG a contingent fee based upon (i) the outcome achieved with respect to each Specific Subject Matter, and (ii) the occurrence of specified benchmark events with respect to each Specific Subject Matter. The agreed upon percentages and benchmarks are set forth below:

_____, 2017
Page 3

Fees as a
Percent of
Recovery

Benchmark Event

- | | |
|-----|--|
| 33% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter prior to the earlier of (i) submission of a proposed joint pre-trial order, or (ii) submission of a position statement to an agreed upon or court appointed mediator for the Specific Subject Matter. |
| 35% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after submission of a position statement to an agreed upon or court appointed mediator for a Specific Subject Matter. |
| 40% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after the earlier of (i) conclusion of an unsuccessful mediation, or (ii) submission of a proposed joint pre-trial order. |

The Client and the 2014 LP Trustee acknowledge that the foregoing contingency fee terms are not set by law, but are negotiable, and have been negotiated, between the Client, the 2014 LP Trustee.

The term “Recovery” shall mean (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Client and/or the 2014 LP Trustee as of the date of recovery, plus (iii) the value of any claim that is released or disallowed, plus (iv) the value of any potential unsecured claim based upon § 502(h) of the Bankruptcy Code that is released or disallowed. The dollar amount of each Recovery with respect to a Specific Subject Matter will be calculated before deduction of any applicable expenses of the lawsuit. For purposes of this agreement, if a proof of claim was filed by the subject creditor, the dollar amount of a the claim released or disallowed (other than any claim under § 506(h) of the Bankruptcy Code) will be determined based upon the dollar amount set forth in the proof of claim filed by the subject creditor which is released or disallowed. If a proof of claim was not filed by the subject creditor, the dollar amount released or disallowed will be determined based upon the dollar amount set forth in the Schedules and Assets and Liabilities filed in the bankruptcy cases by 2014 LP with respect to the subject creditor which is released or disallowed. For purposes of this agreement, the value of each dollar of each pre-petition claim or administrative claim released or disallowed will be determined based on the projected percentage recovery of the applicable class of claim. For example, if the projected recovery by unsecured claim holders was 25% on the dollar, then the value of each dollar of unsecured claim released or discharged would be .25¢.

Subject to the terms of this Agreement, the Client and the 2014 LP Trustee hereby convey, transfer, and assign to SSG an undivided interest in the Subject Matters, such interest being equal to the amount of the percentages therein described above.

Out-of-Pocket Expenses. Client and the 2014 LP Trustee acknowledge and agree that in connection with investigation and prosecution of the Subject Matters, the services of third parties will be necessary. Such other persons and entities may include, but are not limited to, court reporters, accountants, investigators and expert witnesses. Such third party fees and expenses will be billed directly to Client. Client will be responsible for paying fees and expenses of third parties. In the event that there are insufficient funds in the estate to timely pay for the third party services, SSG will advance the amount necessary and such advances will be treated as reimbursable expenses.

_____, 2017
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Client and the 2014 LP Trustee further acknowledge that SSG will incur various expenses in providing services to Client. Client agrees to reimburse SSG for all out-of-pocket expenses paid by SSG. Such expenses include, but are not limited to, charges for serving and filing papers, courier or messenger services, recording and certifying documents, depositions, transcripts, investigations, witnesses, long distance telephone calls, copying materials, and travel expenses. Expenses advanced by SSG would be reimbursed by Client solely out of Recoveries.

Settlements. Any settlement offer received by SSG will be immediately conveyed to Client and the 2014 LP Trustee with our recommendation for acceptance or rejection. Any settlement offer received by Client and the 2014 LP Trustee will be conveyed to SSG for notice purposes only.

No settlement of any nature shall be made for the Subject Matters without the approval of Client and the United States Bankruptcy Court. Client acknowledges that all communications from adverse parties or their counsel in connection with the Subject Matters are required to be directed to SSG, as counsel, pursuant to Texas Disciplinary Rule of Professional Conduct 4.02; and Client agrees to instruct all adverse parties and their counsel to communicate only through SSG, unless SSG agrees otherwise.

Conflict Matters. SSG has represented and currently represents Client on an ongoing basis with matters related to this Bankruptcy Case and other cases including, but not limited to, matters in the following bankruptcy cases: (i) *In re Payson Petroleum, Inc.* (Bankruptcy Case No. 16-41044); (ii) *In re Payson Operating, LLC* (Bankruptcy Case No. 16-41045); (iii) *In re Maricopa Resources, LLC* (Bankruptcy Case No. 16-41043); and (iv) *In re Payson Petroleum 3 Well, L.P.* (Bankruptcy Case No. 17-40179). While SSG does not anticipate that its prior and/or current representation of Client will adversely affect Client's or 2014 LP Trustee's interests in the Subject Matters, applicable rules of professional conduct require that SSG obtain Client's consent to its representation of Client with respect to the Subject Matters. Client acknowledges his express and informed consent to SSG's representation of Client with respect to the Subject Matters as well as SSG's continuing representation of Client in other matters, including related matters. 2014 LP Trustee acknowledges that he is aware that SSG represents Client in other matters, including the above-referenced related matters, and waives any conflict relating thereto.

If a controversy arises between you and any other client of SSG, SSG, after taking into account the applicable rules of professional ethics, may decline to represent you or such other client or both you and such other client. Following the conclusion of our representation of you in this matter, SSG reserves the right to represent other future clients on unrelated matters which may be adverse to your interests.

Withdrawal/Termination of Representation. Our representation may be terminated prior to the conclusion of the Subject Matters covered under this engagement letter by written notice to the other party. SSG reserves the right to withdraw from its representation if, among other things, Client fails to honor the terms of this engagement letter or fails to cooperate or follow SSG's advice on a material matter, or if any fact or circumstance would, in SSG's view, render our continuing representation unlawful, unethical or ineffective. No such termination or withdrawal, however, will relieve Client of the obligation to pay the legal fees owed for services performed and other charges owing to SSG as set forth in this agreement.

Work Files – Retention and Disposition. SSG will maintain all documents furnished to us in our files for this matter. At the conclusion of the matter covered under this engagement letter (or earlier, if appropriate), it is Client's and the 2014 LP Trustee's obligation to advise us as to which, if any, documents in our files they wish SSG to return. SSG may keep copies thereof for our records to the extent we believe

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advisable. SSG will retain any remaining documents in our files for a period of one (1) year following conclusion of our representation in this matter. THEREAFTER, SUCH FILES MAY, AT OUR SOLE DISCRETION AND WITHOUT FURTHER NOTICE TO YOU, BE DESTROYED.

Email Communications. To the extent appropriate, SSG communicates with respective clients (and others) by means of electronic mail. The use of email has proven over time to be an effective and efficient means of exchanging both messages and documents. We are mindful of the concerns of some clients that email transmission could be compromised, and thus prohibit its use or prohibit its use in an unencrypted form. The use of encryption, however, though intended to be “seamless” in use, has caused difficulties in communication with some parties. Thus, to avoid the possibility of disruptions in the flow of information, and prompted by the near-unanimity on the part of bar associations throughout the country, as well as the American Bar Association, in support of the preservation of attorney-client privileges in unencrypted email communications, unless specifically instructed by you, we will assume your consent to use of unencrypted email as a means of communication.

Approval of Terms of Engagement. If the above and foregoing meets with your understanding, please so indicate by executing this agreement in the place provided below for your signature. A copy of this agreement should be retained for your files.

Bankruptcy Court Approval. The parties acknowledge that the Bankruptcy Court must approve this agreement.

Regards,

SNOW SPENCE GREEN LLP

By: _____
Phil F. Snow

Accepted and Agreed this _____ day of _____, 2017:

By: _____
Christopher J. Moser
Chapter 7 Trustee for Payson Petroleum 3 Well 2014, L.P.

By: _____
Jason R. Searcy
Chapter 11 Trustee for Payson Petroleum, Inc.

EXHIBIT 2 TO SETTLEMENT AGREEMENT

3 WELL LP SUBJECT CLAIMS ASSIGNMENT AND PARTICIPATION AGREEMENT

SUBJECT CLAIMS ASSIGNMENT AND PARTICIPATION AGREEMENT
(3 Well LP)

This Subject Claims Assignment and Participation Agreement (the “Agreement”) is entered into as of _____, 2017 by and between Payson Petroleum, Inc. (“Payson Petroleum”) and Payson Petroleum 3 Well, L.P. (“3 Well LP”), referred to individually herein as a “Party” and collectively as, the “Parties.”

R E C I T A L S

WHEREAS, Christopher J. Moser is the duly appointed Chapter 7 Trustee in the 3 Well LP Bankruptcy Case (defined below).

WHEREAS, Jason R. Searcy is the duly appointed Chapter 11 Trustee in the Payson Petroleum Bankruptcy Case (defined below).

WHEREAS, 3 Well LP and Payson Petroleum are parties to the Settlement Agreement (defined below) which provides for entry into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

ARTICLE 1

Definitions

1.01 **Defined Terms.** The following terms, as used in this Agreement, shall have the meanings indicated below, unless the context otherwise requires:

“3 Well LP” means Payson Petroleum 3 Well, L.P., Christopher J. Moser in his capacity of Chapter 7 trustee of Payson Petroleum 3 Well, L.P. and the Payson Petroleum 3 Well L.P. bankruptcy estate.

“3 Well LP Avoidance Action Claims” means all claims and causes of action of 3 Well LP arising under Chapter 5 of the Bankruptcy Code.

“3 Well LP Avoidance Action Claims Net Recovery” means any Net Recovery for or on account of the 3 Well LP Avoidance Action Claims.

“3 Well LP Bankruptcy Case” means Bankruptcy Case No. 17-40179 styled *In re Payson Petroleum 3 Well, L.P., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“3 Well LP Participation Interest” means an undivided fifty percent (50%) interest.

“3 Well LP Partnership Related Claims” means all rights, claims, causes of action and

rights of contribution of 3 Well LP (independent of Section 2.02 of this Agreement) against any current or former general partner or limited partner of 3 Well LP, including but not limited to claims under 11 U.S.C. § 723.

“3 Well LP Partnership Related Claims Net Recovery” means any Net Recovery for or on account of the 3 Well LP Partnership Related Claims.

“Bankruptcy Code” means The Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, as now in effect or hereafter amended.

“Net Recovery” means the Recovery net of all expenses and fees (including Special Counsel fees) incurred in connection with investigation, prosecution and collection of the Subject Claims.

“Payson/3 Well LP Partnership Related Claims” means all rights, claims and causes of action of Payson Petroleum (independent of Section 2.01 of this Agreement) against any current or former general partner or limited partner of 3 Well LP.

“Payson/3 Well LP Partnership Related Claims Net Recovery” means the Net Recovery for and on account of the Payson/3 Well LP Partnership Related Claims.

“Payson Petroleum” means Payson Petroleum, Inc., Jason Searcy in his capacity of Chapter 11 trustee of Payson Petroleum, Inc. and the Payson Petroleum, Inc. bankruptcy estate.

“Payson Petroleum Bankruptcy Case” means Bankruptcy Case No. 16-41044 styled *In re Payson Petroleum, Inc., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“Payson Petroleum Participation Interest” means an undivided fifty percent (50%) interest.

“Recovery” means (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Parties for or on account of or in satisfaction or partial satisfaction thereof with respect to the Subject Claims.

“Settlement Agreement” means the Settlement Agreement entered into as of August ___, 2017 by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee for the Searcy Bankruptcy Cases, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee for the Moser Bankruptcy Cases.

“Settlement Approval Order” has the meaning defined in the Settlement Agreement.

“Special Counsel” means Snow Spence Green LLP.

“Special Counsel Engagement Agreements” means (i) the August 15, 2016 Engagement

Letter Agreement by and between Snow Spence Green LLP and Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., Maricopa Resources, LLC and Payson Operating, LLC, (ii) the Engagement Letter Agreement between 2014 LP, 3 Well LP, Payson Petroleum and Snow Spence Green LLP substantially in the form of Exhibit 1, and (iii) the Engagement Letter Agreement between 2014 LP, Payson Petroleum and Snow Spence Green LLP in the form of Exhibit 2.

“Subject Claims” means all 3 Well LP Avoidance Action Claims, all 3 Well LP Partnership Related Claims and all Payson/3 Well LP Partnership Related Claims.

1.02 Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein, the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document. Nothing contained in this Agreement will be construed to authorize any renewal, extension, modification, amendment or restatement of this Agreement or any agreement, instrument or document referred to herein.

1.03 References and Titles. All references in this Agreement to Exhibits, Articles, Sections, subsections and other subdivisions refer to the Exhibits, Articles, Sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only, do not constitute any part of those subdivisions and will be disregarded in construing the language contained in those subdivisions. The words “this Agreement,” “this instrument,” “herein,” “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases “this section” and “this subsection” and similar phrases refer only to the sections or subsections of this Agreement in which those phrases occur. The word “or” is not exclusive; the word “including” (in its various forms) means “including without limitation.” Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time; (b) any reference herein to any person shall be construed to include such person’s successors and assigns (subject to the restrictions contained herein); (c) with respect to the determination of any time period, the word “from” means “from and including” and the word “to” means “to and including;” and (d) all dollar amounts refer to United States dollars. A reference herein to a number of “days” will be intended to refer to that number of calendar (as opposed to working) days, unless otherwise specifically provided. No provision of this Agreement shall be interpreted or construed more strictly against any person solely because such person or its legal representative drafted such provision.

ARTICLE 2

Assignment

2.01 Assignment by 3 Well LP of Participation Interest. 3 Well LP hereby absolutely and unconditionally sells, transfers and assigns to Payson Petroleum, the Payson Petroleum

Participation Interest in (i) the 3 Well LP Avoidance Action Claims Net Recovery, and (ii) the 3 Well LP Partnership Related Claims Net Recovery.

2.02 Assignment by Payson Petroleum of Participation Interest. Payson Petroleum hereby absolutely and unconditionally sells, transfers and assigns to 3 Well LP, the 3 Well LP Participation Interest in the Payson/3 Well LP Partnership Related Claims Net Recovery.

ARTICLE 3

Preservation, Prosecution and Authority

3.01 Preservation. 3 Well LP retains all 3 Well LP Avoidance Action Claims and all 3 Well LP Partnership Related Claims subject to the Payson Petroleum Participation Interest and Payson Petroleum's rights hereunder. Upon entry of the Settlement Approval Order in the 3 Well LP Bankruptcy Case and execution of this Agreement, Payson Petroleum is vested with and may enforce and prosecute (or determine to do any of the foregoing) the 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims without further order of the Bankruptcy Court. Payson Petroleum's right to commence, prosecute or settle 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims shall be preserved. No preclusion doctrine, including the doctrines of res judicata; collateral estoppel, issue preclusion, claim preclusion, estoppel shall apply to the 3 Well LP Avoidance Action Claims or 3 Well LP Partnership Related Claims by virtue of entry into this Agreement. Payson Petroleum in connection with the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims shall constitute the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims.

3.02 Standing. The Parties stipulate and agree that Payson Petroleum shall have standing to assert and prosecute on behalf of 3 Well LP all 3 Well LP Avoidance Action Claims and all 3 Well LP Partnership Related Claims.

3.03 Authority. Subject to Section 6.01, Payson Petroleum shall have exclusive authority with respect to the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. The exclusive authority of Payson Petroleum includes investigation, management and settlement of all litigation related to the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims.

ARTICLE 4

Special Counsel

4.01 Engagement of Counsel. Snow Spence Green LLP is engaged pursuant to the Special Counsel Engagement Agreement, dated August 15, 2016 (approved by Bankruptcy Court order dated September 19, 2016), to investigate and prosecute the Payson/3 Well LP Partnership Related Claims.

4.02 Engagement Agreement. Snow Spence Green LLP (subject to Bankruptcy Court approval) is engaged to investigate and prosecute the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims pursuant to the terms of the Special Counsel Engagement Agreement attached as **Exhibit 1**. 3 Well LP shall cause an order approving the engagement of Snow Spence Green LLP and the Special Counsel Engagement Agreement, attached as **Exhibit 1**, to be entered in the 3 Well LP Bankruptcy Case.

ARTICLE 5

Application of Recoveries

5.01 Fees and Expenses. Any Recovery shall be applied first, to satisfy fees pursuant to the Special Counsel Engagement Agreements and, second, to expenses incurred by Special Counsel and Payson Petroleum in connection with investigation, prosecution and collection of the Subject Claims.

5.02 Disbursement of Net Recoveries. Payson Petroleum is hereby assigned and shall receive the Payson Petroleum Participation Interest in all (i) 3 Well LP Partnership Related Claims Net Recoveries, (ii) 3 Well LP Avoidance Action Claims Net Recoveries, and (iii) Payson/3 Well LP Partnership Related Claims Net Recoveries. 3 Well LP is hereby assigned and shall receive the 3 Well LP Participation Interest in all (x) 3 Well LP Partnership Related Claims Net Recoveries, (y) 3 Well LP Avoidance Action Claims Net Recoveries, and (z) Payson/3 Well LP Partnership Related Claims Net Recoveries.

ARTICLE 6

Miscellaneous

6.01 Settlement. Any settlement of a Subject Claim is subject to Bankruptcy Court approval.

6.02 Discretion. Payson Petroleum shall determine in its sole discretion the Subject Claims to investigate and prosecute. Subsequent to October 1, 2018, Payson Petroleum shall, upon the written request of 3 Well LP, release from this Agreement and assign back to 3 Well LP any 3 Well LP Partnership Related Claim or 3 Well LP Avoidance Action Claim which Payson Petroleum which it has determined that it will not prosecute.

6.03 Indemnification. 3 Well LP hereby indemnifies and holds harmless Payson Petroleum and its agents, representatives, professionals and employees from and against and in respect to any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to, attorneys' fees and costs arising out of or due to its actions or omissions, or consequences of such actions or omissions, with respect to Payson Petroleum's investigation, management, prosecution or settlement of the Subject Claims; provided, however, that no such indemnification will be made to Payson Petroleum for actions or omissions resulting from willful misconduct, gross negligence or fraud.

6.04 Entire Agreement. This Agreement, including all exhibits attached hereto and made a part hereof, constitute the entire agreement between the Parties with respect to the transactions contemplated hereby and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to such transactions.

6.05 Survival. All representations, warranties, covenants and agreements of the Parties made in this Agreement shall survive the execution and delivery of this Agreement until such time as all of the obligations of the signatories to such document shall have lapsed in accordance with their respective terms or shall have been discharged in full.

6.06 Waiver. No waiver by a Party of any of the provisions of this Agreement (a) shall be binding unless executed in writing by such Party, (b) shall be deemed or shall constitute a waiver by such Party of any other provision hereof (whether or not similar), and (c) shall not constitute a continuing waiver by such Party.

6.07 Further Assurances. The Parties will take such actions and execute and deliver such other documents or agreements as may be necessary or desirable for the implementation of this Agreement and the consummation of the transactions contemplated hereby.

6.08 Notices. Any notice, request, consent, approval, waiver or other communication provided or permitted to be given under this Agreement shall be in writing and shall be delivered in person or sent by U.S. mail, overnight courier, electronic mail or fax to the appropriate addresses set forth below. Any such communication shall be effective upon actual receipt; provided, however, that in the case of delivery by fax after the normal business hours of the recipient, such communication shall be effective on the next business day following the transmission of such fax. For purposes of notice, the addresses of the Parties shall be as follows:

If to Payson Petroleum:

Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, Texas 75605
Fax: 903.757.3399
Email: jsearcy@jsearcy.com

with a copy to:

Blake Hamm
Snow Spence Green LLP
2929 Allen Parkway, Suite 2800
Houston, TX 77019
Fax: 713.335.4848
Email: blakehamm@snowspencelaw.com

If to 3 Well LP:

Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201
Fax: 214.871.2111
Email: cmoser@qslwm.com

with a copy to:

Keith W. Harvey
The Harvey Law Firm, P.C.
6510 Abrams Road, Ste. 280
Dallas, TX 75231
Fax: 972.241.3970
Email: harvey@keithharveylaw.com

Each Party shall have the right, upon giving ten (10) days' prior notice to the other party in the manner provided in this section, to change its address for purposes of notice.

6.09 Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas, notwithstanding any applicable conflict of laws provision. Any dispute regarding this Agreement shall be subject to mandatory venue in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

6.10 Multiple Counterparts. The Parties agree that facsimile and electronic signatures shall have the same force and effect as original signatures. This Agreement may be executed in counterparts and all counterparts so executed shall constitute one agreement which shall be binding on the Parties hereto.

6.11 Modification. This Agreement cannot be altered, changed or modified except in writing executed by a duly authorized representative for each of the Parties.

6.12 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner with respect to any Party. Upon determination of a court of competent jurisdiction that any term or other provision of this Agreement is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to affect the original intent of the Parties as closely as possible. The obligations of the Parties hereunder are severable and not joint.

6.13 Costs and Attorneys' Fees. If either Party retains an attorney in connection with any default or to collect, enforce, or defend this Agreement in any lawsuit, reorganization, bankruptcy or other proceeding, the prevailing party is entitled to collect its reasonable costs and expenses incurred in any such suit or proceeding, including reasonable attorneys' fees.

[Signature Pages Follow]

PAYSON PETROLEUM, INC.

By: _____
Jason R. Searcy, Chapter 11 Trustee

PAYSON PETROLEUM 3 WELL, L.P.

By: _____
Christopher J. Moser, Chapter 7 Trustee

STATE OF TEXAS §
 §
COUNTY OF GREGG §

BEFORE ME, the undersigned authority, on this _____ day of _____ 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **PAYSON PETROLEUM, INC.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Notary Public in and for State of Texas
My Commission Expires: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this _____ day of _____ 2017, personally appeared Christopher J. Moser, the Chapter 7 Trustee of **PAYSON PETROLEUM 3 WELL, L.P.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Notary Public in and for State of Texas
My Commission Expires: _____

I:\Client\SEAJ1001-Searcy-Payson\Adversary Proceedings\16-04106 3 Well LP & 3 Well 2014 LP\Settlement\Settlement Agreement\Ex 2 3 Well LP Subject Claims Assign-Participation Agmt\20170905 3WellLP_SubjectClaimsAssignParticipationAgmt.docx



SNOW SPENCE GREEN LLP

_____, 2017

VIA EMAIL: cmoser@qslwm.com

VIA EMAIL: jsearcy@jsearcylaw.com

Mr. Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201

Mr. Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, TX 75605

Re: Proposed Engagement Agreement

Bankruptcy Case No. 17-40179; *In re Payson Petroleum 3 Well, L.P.* in the United States Bankruptcy Court, Eastern District of Texas, Sherman Division (the "Bankruptcy Case")

Mr. Moser and Mr. Searcy:

This letter sets forth the terms of engagement of Snow Spence Green LLP ("SSG") to analyze and pursue at the discretion of Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc. certain claims and causes of action and objections on behalf of the bankruptcy estate of Payson Petroleum 3 Well, L.P. ("3 Well LP" or "Debtor"). This agreement is entered into pursuant to the terms of a Settlement Agreement by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee, dated _____, 2017, and is subject to Bankruptcy Court approval. Upon the execution of this letter agreement, we will prepare for your review and approval a motion to employ SSG as special litigation counsel under 11 U.S.C. §§ 327(e) and 328.

Description of Engagement. The client pursuant to this Engagement Agreement is Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., acting in his capacity as a representative of the 3 Well LP bankruptcy estate ("Client") pursuant to the terms of the Subject Claims Assignment and Participation Agreement between Payson Petroleum, Inc. and 3 Well LP. The representation by SSG pursuant to this Agreement would be limited to investigation and prosecution (to the extent determined by SSG to be cost justified) of the following:

- a. 3 Well LP's claims and causes of action under either chapter 5 of the United States Bankruptcy Code or any applicable state fraudulent transfer ("Avoidance Actions"); and
- b. 3 Well LP's rights, claims, causes of action, and rights of contribution against any current or former general partner or limited partner of 3 Well LP, including but not limited to claims under 11 U.S.C. § 723 ("Partnership Related Claims"); and
- c. objections to the allowance of claims asserted against Debtor as to which claims and causes of action are asserted by Client.

2929 ALLEN PARKWAY | SUITE 2800 | HOUSTON, TX 77019
MAIN: 713.335.4800 | FAX: 713.335.4848 | SNOWSPENCELAW.COM

_____, 2017
Page 2

(collectively, the “Subject Matters”). Claims, causes of action and/or objections with respect to a specific party are referred to as a “Specific Subject Matter”. SSG’s representation of Client pursuant to this agreement will be limited to the specific matters referenced herein, and SSG is not undertaking, absent a specific engagement letter to the contrary, to represent Client in other matters or in any general counsel capacity.

SSG will be responsible for the drafting of documents, preparation of pleadings, attending court hearings and trials, participating in negotiations, performing legal research, and conducting conferences, and consultations as may be necessary to represent you with respect to each claim for which litigation is commenced.

Although SSG will endeavor to obtain results satisfactory to Client, we cannot guarantee that we will be successful. As part of this agreement, Client and Christopher J. Moser, Chapter 7 Trustee of 3 Well LP (the “3 Well LP Trustee”) acknowledge that (i) neither SSG nor any of its respective professionals have made any promises or guarantees regarding any outcome of the Subject Matters and that no guarantees or promises can be made regarding the outcome thereof; (ii) neither SSG nor any of its respective professionals have made any promises or guarantees regarding the length of time required to obtain the resolution of the Subject Matters; and (iii) either at the beginning or during the course of its representation, SSG may express its opinions or beliefs concerning the Subject Matters and the results that might be anticipated; but that any such statement(s) are intended to be an expression of opinion only, based on information available at the time, and must not be construed by Client or 3 Well LP Trustee as a promise or guarantee, as no such promises or guarantees are possible.

Client and 3 Well LP Trustee acknowledge and agree that SSG is under no obligation to represent them with respect to a Subject Matter if SSG determines, in its sole discretion, that pursuit of any particular Subject Matter is not cost justified.

To enable SSG to effectively perform the contemplated services, it is essential that Client and the 3 Well LP Trustee disclose fully and accurately all facts and keep us apprised of all developments relating to the Subject Matters. Client and the 3 Well LP Trustee agree to cooperate fully with SSG and to make themselves and their representatives available to attend meetings, conferences, hearings and other proceedings.

Legal Fees. The representation will be handled on a contingency fee basis with SSG’s fee being dependent upon recovery through settlement or trial, except in the event of discharge or withdrawal from representation as provided below. The fees to be paid to SSG will be a percentage of the “Recovery” (as defined below) realized with respect to each Specific Subject Matter. The Client and the 3 Well LP Trustee agree to pay SSG a contingent fee based upon (i) the outcome achieved with respect to each Specific Subject Matter, and (ii) the occurrence of specified benchmark events with respect to each Specific Subject Matter. The agreed upon percentages and benchmarks are set forth below:

_____, 2017
Page 3

Fees as a Percent of <u>Recovery</u>	<u>Benchmark Event</u>
33%	Of the amount of any Recovery obtained with respect to a Specific Subject Matter prior to the earlier of (i) submission of a proposed joint pre-trial order, or (ii) submission of a position statement to an agreed upon or court appointed mediator for the Specific Subject Matter.
35%	Of the amount of any Recovery obtained with respect to a Specific Subject Matter after submission of a position statement to an agreed upon or court appointed mediator for a Specific Subject Matter.
40%	Of the amount of any Recovery obtained with respect to a Specific Subject Matter after the earlier of (i) conclusion of an unsuccessful mediation, or (ii) submission of a proposed joint pre-trial order.

The Client and the 3 Well LP Trustee acknowledge that the foregoing contingency fee terms are not set by law, but are negotiable, and have been negotiated, between the Client, the 3 Well LP Trustee.

The term “Recovery” shall mean (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Client and/or the 3 Well LP Trustee as of the date of recovery, plus (iii) the value of any claim that is released or disallowed, plus (iv) the value of any potential unsecured claim based upon § 502(h) of the Bankruptcy Code that is released or disallowed. The dollar amount of each Recovery with respect to a Specific Subject Matter will be calculated before deduction of any applicable expenses of the lawsuit. For purposes of this agreement, if a proof of claim was filed by the subject creditor, the dollar amount of a the claim released or disallowed (other than any claim under § 506(h) of the Bankruptcy Code) will be determined based upon the dollar amount set forth in the proof of claim filed by the subject creditor which is released or disallowed. If a proof of claim was not filed by the subject creditor, the dollar amount released or disallowed will be determined based upon the dollar amount set forth in the Schedules and Assets and Liabilities filed in the bankruptcy cases by 3 Well LP with respect to the subject creditor which is released or disallowed. For purposes of this agreement, the value of each dollar of each pre-petition claim or administrative claim released or disallowed will be determined based on the projected percentage recovery of the applicable class of claim. For example, if the projected recovery by unsecured claim holders was 25% on the dollar, then the value of each dollar of unsecured claim released or discharged would be .25¢.

Subject to the terms of this Agreement, the Client and the 3 Well LP Trustee hereby convey, transfer, and assign to SSG an undivided interest in the Subject Matters, such interest being equal to the amount of the percentages therein described above.

Out-of-Pocket Expenses. Client and the 3 Well LP Trustee acknowledge and agree that in connection with investigation and prosecution of the Subject Matters, the services of third parties will be necessary. Such other persons and entities may include, but are not limited to, court reporters, accountants, investigators and expert witnesses. Such third party fees and expenses will be billed directly to Client. Client will be responsible for paying fees and expenses of third parties. In the event that there are insufficient funds in the estate to timely pay for the third party services, SSG will advance the amount necessary and such advances will be treated as reimbursable expenses.

_____, 2017
Page 4

Client and the 3 Well LP Trustee further acknowledge that SSG will incur various expenses in providing services to Client. Client agrees to reimburse SSG for all out-of-pocket expenses paid by SSG. Such expenses include, but are not limited to, charges for serving and filing papers, courier or messenger services, recording and certifying documents, depositions, transcripts, investigations, witnesses, long distance telephone calls, copying materials, and travel expenses. Expenses advanced by SSG would be reimbursed by Client solely out of Recoveries.

Settlements. Any settlement offer received by SSG will be immediately conveyed to Client and the 3 Well LP Trustee with our recommendation for acceptance or rejection. Any settlement offer received by Client and the 3 Well LP Trustee will be conveyed to SSG for notice purposes only.

No settlement of any nature shall be made for the Subject Matters without the approval of Client and the United States Bankruptcy Court. Client acknowledges that all communications from adverse parties or their counsel in connection with the Subject Matters are required to be directed to SSG, as counsel, pursuant to Texas Disciplinary Rule of Professional Conduct 4.02; and Client agrees to instruct all adverse parties and their counsel to communicate only through SSG, unless SSG agrees otherwise.

Conflict Matters. SSG has represented and currently represents Client on an ongoing basis with matters related to this Bankruptcy Case and other cases including, but not limited to, matters in the following bankruptcy cases: (i) *In re Payson Petroleum, Inc.* (Bankruptcy Case No. 16-41044); (ii) *In re Payson Operating, LLC* (Bankruptcy Case No. 16-41045); (iii) *In re Maricopa Resources, LLC* (Bankruptcy Case No. 16-41043); and (iv) *In re Payson Petroleum 3 Well 2014, L.P.* (Bankruptcy Case No. 17-40180). While SSG does not anticipate that its prior and/or current representation of Client will adversely affect Client's or 3 Well LP Trustee's interests in the Subject Matters, applicable rules of professional conduct require that SSG obtain Client's consent to its representation of Client with respect to the Subject Matters. Client acknowledges his express and informed consent to SSG's representation of Client with respect to the Subject Matters as well as SSG's continuing representation of Client in other matters, including related matters. 3 Well LP Trustee acknowledges that he is aware that SSG represents Client in other matters, including the above-referenced related matters, and waives any conflict relating thereto.

If a controversy arises between you and any other client of SSG, SSG, after taking into account the applicable rules of professional ethics, may decline to represent you or such other client or both you and such other client. Following the conclusion of our representation of you in this matter, SSG reserves the right to represent other future clients on unrelated matters which may be adverse to your interests.

Withdrawal/Termination of Representation. Our representation may be terminated prior to the conclusion of the Subject Matters covered under this engagement letter by written notice to the other party. SSG reserves the right to withdraw from its representation if, among other things, Client fails to honor the terms of this engagement letter or fails to cooperate or follow SSG's advice on a material matter, or if any fact or circumstance would, in SSG's view, render our continuing representation unlawful, unethical or ineffective. No such termination or withdrawal, however, will relieve Client of the obligation to pay the legal fees owed for services performed and other charges owing to SSG as set forth in this agreement.

Work Files – Retention and Disposition. SSG will maintain all documents furnished to us in our files for this matter. At the conclusion of the matter covered under this engagement letter (or earlier, if appropriate), it is Client's and the 3 Well LP Trustee's obligation to advise us as to which, if any, documents

_____, 2017

Page 5

in our files they wish SSG to return. SSG may keep copies thereof for our records to the extent we believe advisable. SSG will retain any remaining documents in our files for a period of one (1) year following conclusion of our representation in this matter. THEREAFTER, SUCH FILES MAY, AT OUR SOLE DISCRETION AND WITHOUT FURTHER NOTICE TO YOU, BE DESTROYED.

Email Communications. To the extent appropriate, SSG communicates with respective clients (and others) by means of electronic mail. The use of email has proven over time to be an effective and efficient means of exchanging both messages and documents. We are mindful of the concerns of some clients that email transmission could be compromised, and thus prohibit its use or prohibit its use in an unencrypted form. The use of encryption, however, though intended to be “seamless” in use, has caused difficulties in communication with some parties. Thus, to avoid the possibility of disruptions in the flow of information, and prompted by the near-unanimity on the part of bar associations throughout the country, as well as the American Bar Association, in support of the preservation of attorney-client privileges in unencrypted email communications, unless specifically instructed by you, we will assume your consent to use of unencrypted email as a means of communication.

Approval of Terms of Engagement. If the above and foregoing meets with your understanding, please so indicate by executing this agreement in the place provided below for your signature. A copy of this agreement should be retained for your files.

Bankruptcy Court Approval. The parties acknowledge that the Bankruptcy Court must approve this agreement.

Regards,

SNOW SPENCE GREEN LLP

By: _____
Phil F. Snow

Accepted and Agreed this _____ day of _____, 2017:

By: _____
Christopher J. Moser
Chapter 7 Trustee for Payson Petroleum 3 Well, L.P.

By: _____
Jason R. Searcy
Chapter 11 Trustee for Payson Petroleum, Inc.



_____, 2017

VIA EMAIL: cmoser@qslwm.com

VIA EMAIL: jsearcy@jsearcylaw.com

Mr. Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201

Mr. Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, TX 75605

Re: Proposed Engagement Agreement

Bankruptcy Case No. 17-40180; *In re Payson Petroleum 3 Well 2014, L.P.* in the United States Bankruptcy Court, Eastern District of Texas, Sherman Division (the "Bankruptcy Case")

Mr. Moser and Mr. Searcy:

This letter sets forth the terms of engagement of Snow Spence Green LLP ("SSG") to analyze and pursue at the discretion of Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc. certain claims and causes of action and objections on behalf of the bankruptcy estate of Payson Petroleum 3 Well 2014, L.P. ("2014 LP" or "Debtor"). This agreement is entered into pursuant to the terms of a Settlement Agreement by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee, dated _____, 2017, and is subject to Bankruptcy Court approval. Upon the execution of this letter agreement, we will prepare for your review and approval a motion to employ SSG as special litigation counsel under 11 U.S.C. §§ 327(e) and 328.

Description of Engagement. The client pursuant to this Engagement Agreement is Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., acting in his capacity as a representative of the 2014 LP bankruptcy estate ("Client") pursuant to the terms of the Subject Claims Assignment and Participation Agreement between Payson Petroleum, Inc. and 2014 LP. The representation by SSG pursuant to this Agreement would be limited to investigation and prosecution (to the extent determined by SSG to be cost justified) of the following:

- a. 2014 LP's claims and causes of action under either chapter 5 of the United States Bankruptcy Code or any applicable state fraudulent transfer ("Avoidance Actions"); and
- b. 2014 LP's rights, claims, causes of action, and rights of contribution against any current or former general partner or limited partner of 2014 LP, including but not limited to claims under 11 U.S.C. § 723 ("Partnership Related Claims"); and
- c. objections to the allowance of claims asserted against Debtor as to which claims and causes of action are asserted by Client.

_____, 2017

Page 2

(collectively, the “Subject Matters”). Claims, causes of action and/or objections with respect to a specific party are referred to as a “Specific Subject Matter”. SSG’s representation of Client pursuant to this agreement will be limited to the specific matters referenced herein, and SSG is not undertaking, absent a specific engagement letter to the contrary, to represent Client in other matters or in any general counsel capacity.

SSG will be responsible for the drafting of documents, preparation of pleadings, attending court hearings and trials, participating in negotiations, performing legal research, and conducting conferences, and consultations as may be necessary to represent you with respect to each claim for which litigation is commenced.

Although SSG will endeavor to obtain results satisfactory to Client, we cannot guarantee that we will be successful. As part of this agreement, Client and Christopher J. Moser, Chapter 7 Trustee of 2014 LP (the “2014 LP Trustee”) acknowledge that (i) neither SSG nor any of its respective professionals have made any promises or guarantees regarding any outcome of the Subject Matters and that no guarantees or promises can be made regarding the outcome thereof; (ii) neither SSG nor any of its respective professionals have made any promises or guarantees regarding the length of time required to obtain the resolution of the Subject Matters; and (iii) either at the beginning or during the course of its representation, SSG may express its opinions or beliefs concerning the Subject Matters and the results that might be anticipated; but that any such statement(s) are intended to be an expression of opinion only, based on information available at the time, and must not be construed by Client or 2014 LP Trustee as a promise or guarantee, as no such promises or guarantees are possible.

Client and 2014 LP Trustee acknowledge and agree that SSG is under no obligation to represent them with respect to a Subject Matter if SSG determines, in its sole discretion, that pursuit of any particular Subject Matter is not cost justified.

To enable SSG to effectively perform the contemplated services, it is essential that Client and the 2014 LP Trustee disclose fully and accurately all facts and keep us apprised of all developments relating to the Subject Matters. Client and the 2014 LP Trustee agree to cooperate fully with SSG and to make themselves and their representatives available to attend meetings, conferences, hearings and other proceedings.

Legal Fees. The representation will be handled on a contingency fee basis with SSG’s fee being dependent upon recovery through settlement or trial, except in the event of discharge or withdrawal from representation as provided below. The fees to be paid to SSG will be a percentage of the “Recovery” (as defined below) realized with respect to each Specific Subject Matter. The Client and the 2014 LP Trustee agree to pay SSG a contingent fee based upon (i) the outcome achieved with respect to each Specific Subject Matter, and (ii) the occurrence of specified benchmark events with respect to each Specific Subject Matter. The agreed upon percentages and benchmarks are set forth below:

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Fees as a Percent of <u>Recovery</u>	<u>Benchmark Event</u>
33%	Of the amount of any Recovery obtained with respect to a Specific Subject Matter prior to the earlier of (i) submission of a proposed joint pre-trial order, or (ii) submission of a position statement to an agreed upon or court appointed mediator for the Specific Subject Matter.
35%	Of the amount of any Recovery obtained with respect to a Specific Subject Matter after submission of a position statement to an agreed upon or court appointed mediator for a Specific Subject Matter.
40%	Of the amount of any Recovery obtained with respect to a Specific Subject Matter after the earlier of (i) conclusion of an unsuccessful mediation, or (ii) submission of a proposed joint pre-trial order.

The Client and the 2014 LP Trustee acknowledge that the foregoing contingency fee terms are not set by law, but are negotiable, and have been negotiated, between the Client, the 2014 LP Trustee.

The term “Recovery” shall mean (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Client and/or the 2014 LP Trustee as of the date of recovery, plus (iii) the value of any claim that is released or disallowed, plus (iv) the value of any potential unsecured claim based upon § 502(h) of the Bankruptcy Code that is released or disallowed. The dollar amount of each Recovery with respect to a Specific Subject Matter will be calculated before deduction of any applicable expenses of the lawsuit. For purposes of this agreement, if a proof of claim was filed by the subject creditor, the dollar amount of a the claim released or disallowed (other than any claim under § 506(h) of the Bankruptcy Code) will be determined based upon the dollar amount set forth in the proof of claim filed by the subject creditor which is released or disallowed. If a proof of claim was not filed by the subject creditor, the dollar amount released or disallowed will be determined based upon the dollar amount set forth in the Schedules and Assets and Liabilities filed in the bankruptcy cases by 2014 LP with respect to the subject creditor which is released or disallowed. For purposes of this agreement, the value of each dollar of each pre-petition claim or administrative claim released or disallowed will be determined based on the projected percentage recovery of the applicable class of claim. For example, if the projected recovery by unsecured claim holders was 25% on the dollar, then the value of each dollar of unsecured claim released or discharged would be .25¢.

Subject to the terms of this Agreement, the Client and the 2014 LP Trustee hereby convey, transfer, and assign to SSG an undivided interest in the Subject Matters, such interest being equal to the amount of the percentages therein described above.

Out-of-Pocket Expenses. Client and the 2014 LP Trustee acknowledge and agree that in connection with investigation and prosecution of the Subject Matters, the services of third parties will be necessary. Such other persons and entities may include, but are not limited to, court reporters, accountants, investigators and expert witnesses. Such third party fees and expenses will be billed directly to Client. Client will be responsible for paying fees and expenses of third parties. In the event that there are insufficient funds in the estate to timely pay for the third party services, SSG will advance the amount necessary and such advances will be treated as reimbursable expenses.

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Page 4

Client and the 2014 LP Trustee further acknowledge that SSG will incur various expenses in providing services to Client. Client agrees to reimburse SSG for all out-of-pocket expenses paid by SSG. Such expenses include, but are not limited to, charges for serving and filing papers, courier or messenger services, recording and certifying documents, depositions, transcripts, investigations, witnesses, long distance telephone calls, copying materials, and travel expenses. Expenses advanced by SSG would be reimbursed by Client solely out of Recoveries.

Settlements. Any settlement offer received by SSG will be immediately conveyed to Client and the 2014 LP Trustee with our recommendation for acceptance or rejection. Any settlement offer received by Client and the 2014 LP Trustee will be conveyed to SSG for notice purposes only.

No settlement of any nature shall be made for the Subject Matters without the approval of Client and the United States Bankruptcy Court. Client acknowledges that all communications from adverse parties or their counsel in connection with the Subject Matters are required to be directed to SSG, as counsel, pursuant to Texas Disciplinary Rule of Professional Conduct 4.02; and Client agrees to instruct all adverse parties and their counsel to communicate only through SSG, unless SSG agrees otherwise.

Conflict Matters. SSG has represented and currently represents Client on an ongoing basis with matters related to this Bankruptcy Case and other cases including, but not limited to, matters in the following bankruptcy cases: (i) *In re Payson Petroleum, Inc.* (Bankruptcy Case No. 16-41044); (ii) *In re Payson Operating, LLC* (Bankruptcy Case No. 16-41045); (iii) *In re Maricopa Resources, LLC* (Bankruptcy Case No. 16-41043); and (iv) *In re Payson Petroleum 3 Well, L.P.* (Bankruptcy Case No. 17-40179). While SSG does not anticipate that its prior and/or current representation of Client will adversely affect Client's or 2014 LP Trustee's interests in the Subject Matters, applicable rules of professional conduct require that SSG obtain Client's consent to its representation of Client with respect to the Subject Matters. Client acknowledges his express and informed consent to SSG's representation of Client with respect to the Subject Matters as well as SSG's continuing representation of Client in other matters, including related matters. 2014 LP Trustee acknowledges that he is aware that SSG represents Client in other matters, including the above-referenced related matters, and waives any conflict relating thereto.

If a controversy arises between you and any other client of SSG, SSG, after taking into account the applicable rules of professional ethics, may decline to represent you or such other client or both you and such other client. Following the conclusion of our representation of you in this matter, SSG reserves the right to represent other future clients on unrelated matters which may be adverse to your interests.

Withdrawal/Termination of Representation. Our representation may be terminated prior to the conclusion of the Subject Matters covered under this engagement letter by written notice to the other party. SSG reserves the right to withdraw from its representation if, among other things, Client fails to honor the terms of this engagement letter or fails to cooperate or follow SSG's advice on a material matter, or if any fact or circumstance would, in SSG's view, render our continuing representation unlawful, unethical or ineffective. No such termination or withdrawal, however, will relieve Client of the obligation to pay the legal fees owed for services performed and other charges owing to SSG as set forth in this agreement.

Work Files – Retention and Disposition. SSG will maintain all documents furnished to us in our files for this matter. At the conclusion of the matter covered under this engagement letter (or earlier, if appropriate), it is Client's and the 2014 LP Trustee's obligation to advise us as to which, if any, documents in our files they wish SSG to return. SSG may keep copies thereof for our records to the extent we believe

_____, 2017

Page 5

advisable. SSG will retain any remaining documents in our files for a period of one (1) year following conclusion of our representation in this matter. THEREAFTER, SUCH FILES MAY, AT OUR SOLE DISCRETION AND WITHOUT FURTHER NOTICE TO YOU, BE DESTROYED.

Email Communications. To the extent appropriate, SSG communicates with respective clients (and others) by means of electronic mail. The use of email has proven over time to be an effective and efficient means of exchanging both messages and documents. We are mindful of the concerns of some clients that email transmission could be compromised, and thus prohibit its use or prohibit its use in an unencrypted form. The use of encryption, however, though intended to be “seamless” in use, has caused difficulties in communication with some parties. Thus, to avoid the possibility of disruptions in the flow of information, and prompted by the near-unanimity on the part of bar associations throughout the country, as well as the American Bar Association, in support of the preservation of attorney-client privileges in unencrypted email communications, unless specifically instructed by you, we will assume your consent to use of unencrypted email as a means of communication.

Approval of Terms of Engagement. If the above and foregoing meets with your understanding, please so indicate by executing this agreement in the place provided below for your signature. A copy of this agreement should be retained for your files.

Bankruptcy Court Approval. The parties acknowledge that the Bankruptcy Court must approve this agreement.

Regards,

SNOW SPENCE GREEN LLP

By: _____
Phil F. Snow

Accepted and Agreed this _____ day of _____, 2017:

By: _____
Christopher J. Moser
Chapter 7 Trustee for Payson Petroleum 3 Well 2014, L.P.

By: _____
Jason R. Searcy
Chapter 11 Trustee for Payson Petroleum, Inc.

EXHIBIT 3 TO SETTLEMENT AGREEMENT

AGREED FINAL JUDGMENT

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

JASON R. SEARCY,	§	
CHAPTER 11 TRUSTEE,	§	
	§	
Plaintiff,	§	
	§	
vs.	§	Adversary No. 16-04106
	§	
PAYSON PETROLEUM 3 WELL, L.P.	§	
& PAYSON PETROLEUM 3 WELL	§	
2014, L.P.,	§	
	§	
Defendants.	§	

AGREED FINAL JUDGMENT

ON THIS DATE, came on to be considered the above-entitled and numbered cause wherein Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 is the “Plaintiff” and Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P. are the “Defendants.”

After considering the Joint Motion for Entry of Agreed Final Judgment (the “Motion”) filed by Plaintiff and Defendants, other pleadings on file, and argument of the parties, if any, the Court hereby finds that the Motion should be granted. The Court further finds that:

- Payson Petroleum 3 Well, L.P. (“3 Well LP”) owes Payson Petroleum, Inc.

(“Payson Petroleum”) the sum of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) under that certain October 10, 2013 Subscription Turn Key Agreement between 3 Well LP and Payson Petroleum (the “3 Well LP Turnkey Agreement”);

- Payson Petroleum 3 Well 2014, L.P. (“2014 LP”) owes Payson Petroleum the sum of TWO MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) under that certain January 12, 2014 Subscription Turn Key Agreement between 2014 LP and Payson Petroleum (the “2014 LP Turnkey Agreement”);

- On or about Marcy 28, 2016, Maricopa Resources, LLC (“Maricopa”) assigned certain interests in the William #1H (API # 181-31557), the Crowe #2 (API #181-31543), and the Elaine #1 (API #181-31547) (collectively the “Subject Wells”) oil and gas wells and related leaseholds to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066 and are attached hereto as **Exhibit 1** (the “Avoidable Assignments”); and

- Maricopa made the Avoidable Assignments during the 90-day period preceding the filing of Maricopa’s bankruptcy petition, while Maricopa was not solvent, in furtherance of a fraudulent scheme which defrauded Maricopa’s creditors, and without receiving reasonably equivalent value in return from 3 Well LP or 2014 LP and, therefore, that the Avoidable Assignments may be avoided pursuant to 11 U.S.C. § 548(a)(1)(A) & (B).

It is therefore ORDERED, ADJUDGED, AND DECREED that the Motion is Granted;

It is further ORDERED, ADJUDGED, AND DECREED that the Avoidable Assignments are constructive and actual fraudulent transfers of the interests set forth therein and are hereby

avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B);

It is further ORDERED, ADJUDGED, AND DECREED that **Final Judgment** is hereby granted in favor of:

- Payson Petroleum against 3 Well LP in the amount of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) on account of 3 Well LP's breach of the 3 Well LP Turnkey Agreement;
- Payson Petroleum against 2014 LP in the principal amount of TWO MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) on account of 2014 LP's breach of the 2014 LP Turnkey Agreement;
- Maricopa against 3 Well LP for the interests transferred to 3 Well LP via the Avoidable Assignments and/or the value thereof; and
- Maricopa against 2014 LP for the interests transferred to 2014 LP via the Avoidable Assignments and/or the value thereof.

It is further ORDERED, ADJUDGED, AND DECREED that:

- Payson Petroleum shall have an allowed unsecured claim in Bankruptcy Case No. 17-40179 in the amount of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) on account of 3 Well LP's breach of the 3 Well LP Turnkey Agreement; and
- Payson Petroleum shall have an allowed unsecured claim in Bankruptcy Case No. 17-40180 in the amount of TWO MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) on account of 2014 LP's breach of the 2014 LP Turnkey Agreement.

This is a Final Judgment. All relief not ordered herein is expressly denied.

SUBMITTED BY:

/s/

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC, AND MARICOPA RESOURCES, LLC

AGREED AS TO FORM AND SUBSTANCE:

/s/

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC, AND MARICOPA RESOURCES, LLC

/s/

Keith W. Harvey
State Bar No. 09180100
THE HARVEY LAW FIRM, P.C.
6510 Abrams Road Suite 280
Dallas, Texas 75231
(972) 243-3960 Phone
(972)-241-3970 Facsimile

COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE FOR PAYSON PETROLEUM 3 WELL, L.P. AND PAYSON PETROLEUM 3 WELL 2014, L.P.

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090

EXHIBIT**1**

70 2016 00006064

Instrument Number: 2016-00006064

As

Recorded On: March 28, 2016**Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 6****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 8****Comment: ASSIGN**

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Recordings	36.00
Total Recording:	36.00

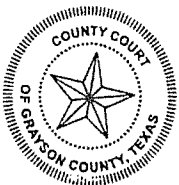
******* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:**Record and Return To:**

Document Number: 2016-00006064
Receipt Number: 447187
Recorded Date/Time: March 28, 2016 12:09:45P
Book-Vol/Pg: BK-OR VL-5779 PG-389
User / Station: G WHITE - Cashiering Station 1

PAYSON PETROLEUM
2652 FM 407 E #250
BARTONVILLE TX 76226



THE STATE OF TEXAS
COUNTY OF GRAYSON
I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

Wilma Blackshear Bush

Wilma Blackshear Bush, Grayson County Clerk

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

**WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE,
AND RELEASE**

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS that the undersigned Maricopa Resources, LLC, whose address is 2652 FM 407 E #250, Bartonville, Texas, 76226 (the "Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, does hereby BARGAIN, SELL, GRANT, ASSIGN and CONVEY unto the following parties (the "Assignees") in the percentages as listed below, all of Assignor's right, title and interest in and to the well and wellbore described below, together with the rights associated with the wellbore as specifically described below (collectively the "Assets," as that term is defined below).

Payson Petroleum 3 Well 2014, L.P. an undivided 72.210840%
2652 FM 407 E #250
Bartonville, Texas 76226

Payson Petroleum 3 Well, L.P. an undivided 27.789160%
2652 FM 407 E #250
Bartonville, Texas 76226

This Wellbore Assignment, Conveyance, Bill of Sale, and Release (the "Assignment"), dated to be effective August 1, 2015 (the "Effective Date"), is subject to all instruments of record, including land owners royalty interests and reserved overriding royalty interests.

Assignor excepts from this Assignment and reserves unto itself an overriding royalty interest that is equal to the difference between the lease burdens and twenty-five percent (25%) of all oil, gas and other minerals that may be produced from the lands under the terms of the Leases, as that term is defined below.

This Assignment is further subject to that certain Declaration of Pooled Unit – William #1H, dated August 15, 2014, by Maricopa Resources LLC, and recorded in Volume 5650, Page 778 of the Official Public Records of Grayson County, Texas.

Assignor does not assign to Assignees any of its interest in and to the Excluded Assets, as that term is defined below.

To accomplish the foregoing, Assignor and Assignees agree as follows:

ASSIGNMENT AND AGREEMENT

For valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor sells, assigns, transfers, delivers, and conveys to Assignees the following, all of which are collectively called the "Assets":

a. The William #1H (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of the Section 26, BLK 1, 11, 15, 16, JM Dodgin Survey, Abstract 378, Grayson County, TX, (from the surface of the earth down to the base of the Viola Limestone

defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX), collectively referred to in this Assignment as the ("Well").

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recompleat at a depth not greater than the base of the Viola Limestone defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

6. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Well to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify, and hold Assignees harmless from and against all claims. Assignees shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

8. Transfer Taxes and Recording Fees. Assignees shall bear and pay: (i) all State or local government sales, documentation, transfer, gross proceeds, or similar taxes incident to or caused by the transfer of the Assets to Assignees; and, (ii) all filing, recording or registration fees for this Assignment.

9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23rd day of March 2016.

ASSIGNOR:
MARICOPA RESOURCES, LLC

By: W.C. Griffin
William C. Griffin, Secretary

ASSIGNEE:

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: *Matthew C. Griffin*

Payson Petroleum Grayson, LLC, General Partner

Matthew C. Griffin, President

Bk	Vol	Ps
00006064	DR	5779 393

ASSIGNEE:

PAYSON PETROLEUM 3 WELL, L.P.

By: *Matthew C. Griffin*

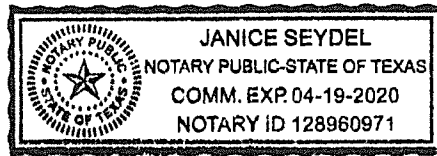
Payson Petroleum Grayson, LLC, General Partner

Matthew C. Griffin, President

STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.

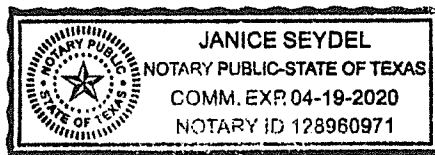


Janice Seydel
Notary in and for the State of Texas

STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.

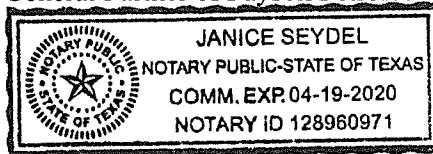


Janice Seydel
Notary in and for the State of Texas

STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.



Janice Seydel
Notary in and for the State of Texas

EXHIBIT "A" TO WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE

PROPERTY DESCRIPTION:

1. The William #1H (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of the Section 26, BLK 1, 11, 15, 16, JM Dodgin Survey, Abstract 378, Grayson County, TX, (from the surface of the earth down to the base of the Viola Limestone defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX).
2. Whether now owned or acquired in the future, all personal property, all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities and other equipment or property of any kind acquired or used for the operation of the William # 1H Well, or used for the production or sale of oil, natural gas and other products from the well.

THE FOLLOWING DESCRIBED LEASES, ONLY INsofar AS THEY COVER AND ARE NECESSARY TO OPERATE, MAINTAIN, PRODUCE AND PLUG AND ABANDON BUT NOT DEEPEN OR SIDETRACK THE PROPERTY DESCRIBED HEREINABOVE:

EXHIBIT "A"

County	Lessor	Lessee	Volume	Page	Date
Grayson	Linda Buechner Byrne, as her separate property	TLPC Holdings, Ltd.	5411	536	11/18/2013
Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411	532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of the Estate of Barry L. Buechner, Deceased	TLPC Holdings, Ltd.	5411	540	11/18/2013
Grayson	Kennedy & Minshew, PC	TLPC Holdings, Ltd.	5049	747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061	139	9/30/2011
Grayson	Louie A. Hattensty, Jr.	TLPC Holdings, Ltd.	5057	937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031	870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031	846	9/30/2011
Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031	854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031	862	9/30/2011
Grayson	Susan R. Greene	TLPC Holdings, Ltd.	5031	398	8/18/2011
Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031	390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034	673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034	665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036	856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031	406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031	414	9/30/2011
Grayson	SH Productions, Inc.	Maricopa Resources, LLC	5464	919	2/24/2014
Grayson	Kathy Reed	Maricopa Resources, LLC	5464	927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464	931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464	915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464	923	2/24/2014
Grayson	Endeavor Energy Resources, L.P.	OKT Resources, LLC	4981	402	2/1/2011

Grayson	Thomas W. Lett, Individually and as Trustee of the Sam Lett Testamentary Trust	OKT Resources, LLC	4418	520	2/1/2008
Grayson	Castello Enterprises, Inc.	OKT Resources, LLC	4980	156	2/1/2011
Grayson	Wilbur Lee Dean III	Matthew Avery	4296	513	4/18/2007
Grayson	Joseph Glen Dean	Matthew Avery	4296	506	4/18/2007
Grayson	Paula Marie Dean Halbach, aka Paula Marie Dean	Matthew Avery	4980	140	4/18/2007
Grayson	Landon Boyd Odle	Matthew Avery	4760	92	1/31/2007
Grayson	Douglas Kent Odle	Matthew Avery	4760	88	3/6/2007
Grayson	Gary Wayne Odle, dealing in his sole and separate property	Matthew Avery	4296	493	5/10/2007
Grayson	LaJuan Odle	Matthew Avery	4760	92	1/30/2007
Grayson	Pottsboro Church of Christ	Matthew Avery	4983	321	4/10/2011
Grayson	Vurlas Lane Wilson, a/k/a Verlas Lane Wilson and Marjorie Marie Wilson H/W	Matthew Avery	4296	469	4/27/2007
Grayson	John Robert Hooper	Paradise Springs, LLC	4993	305	2/12/2011
Grayson	Berdine Eberhart and Tom Eberhart W/H	Matthew Avery	4296	441	4/27/2007
Grayson	Terry Lee Garofalo, a married woman dealing in her sole and separate property	Matthew Avery	4980	144	1/2/2011
Grayson	Ann W. Tracy, Trustee under the Ann W. Tracy Revocable Trust dated January 8, 1991	Matthew Avery	4296	457	6/27/2007
Grayson	Ilva Wilson, Ind and as Trustee of the James M Wilson Jr and Ilva Wilson Family Trust	Matthew Avery	4297	46	6/27/2007
Grayson	Bobby C Wilson	Matthew Avery	4296	461	6/27/2007
Grayson	Peggy Ann Gehrig	Matthew Avery	4296	449	6/27/2007
Grayson	Thomas J. Wilson	Matthew Avery	4296	466	6/27/2007
Grayson	Lee Marjorie Hooper	Matthew Avery	4296	454	4/27/2007
Grayson	Berdine Eberhart and Tom Eberhart W/H	Matthew Avery	4296	441	4/27/2007
Grayson	Terry Lee Garofalo and Marty J. Garofalo, wife and husband	Matthew Avery	4296	445	4/27/2007
Grayson	Anadarko E&P Onshore, LLC	Paradise Springs, LLC	5355	704	8/28/2013
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5274	698	3/15/2013
Grayson	PCB Trust, Philip C. Brown, Trustee, and Philip Charles Brown	Paradise Springs, LLC	5274	701	3/15/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5367	400	9/10/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5002	826	8/21/2011
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5002	830	8/21/2011
Grayson	Philip C Brown, a/ka Philip Charles Brown; PCB Trust	Paradise Springs, LLC	5002	834; 838	8/21/2011

END OF EXHIBIT "A"

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090



70 2016 00006066

Instrument Number: 2016-00006066

As

Recorded On: March 28, 2016**Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 5****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 7****Comment: ASSIGN**

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Recordings	32.00
Total Recording:	32.00

******* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:**Record and Return To:**

Document Number: 2016-00006066
Receipt Number: 447187
Recorded Date/Time: March 28, 2016 12:09:45P
Book-Vol/Pg: BK-OR VL-5779 PG-404
User / Station: G WHITE - Cashiering Station 1

PAYSON PETROLEUM
2652 FM 407 E #250
BARTONVILLE TX 76226



THE STATE OF TEXAS
COUNTY OF GRAYSON
I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

Wilma Blackshear Bush

Wilma Blackshear Bush, Grayson County Clerk

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**WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE,
AND RELEASE**

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS that the undersigned Maricopa Resources, LLC, whose address is 2652 FM 407 E #250, Bartonville, Texas, 76226 (the "Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, does hereby BARGAIN, SELL, GRANT, ASSIGN and CONVEY unto the following parties (the "Assignees") in the percentages as listed below, all of Assignor's right, title and interest in and to the well and wellbore described below, together with the rights associated with the wellbore as specifically described below (collectively the "Assets," as that term is defined below).

Payson Petroleum 3 Well 2014, L.P. an undivided 72.210840%
2652 FM 407 E #250
Bartonville, Texas 76226

Payson Petroleum 3 Well, L.P. an undivided 27.789160%
2652 FM 407 E #250
Bartonville, Texas 76226

This Wellbore Assignment, Conveyance, Bill of Sale, and Release (the "Assignment"), dated to be effective April 9, 2014 (the "Effective Date"), is subject to all instruments of record, including land owners royalty interests and reserved overriding royalty interests.

Assignor excepts from this Assignment and reserves unto itself an overriding royalty interest that is equal to the difference between the lease burdens and twenty-five percent (25%) of all oil, gas and other minerals that may be produced from the lands under the terms of the Leases, as that term is defined below.

This Assignment is further subject to that certain Assignment of Oil and Gas Leases, dated November 23, 2010, entered into between Atoka Operating, Inc. and Barber Exploration Company, and recorded in Volume 4888, Page 924, of the Official Public Records of Grayson County, Texas.

Assignor does not assign to Assignees any of its interest in and to the Excluded Assets, as that term is defined below.

To accomplish the foregoing, Assignor and Assignees agree as follows:

ASSIGNMENT AND AGREEMENT

For valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor sells, assigns, transfers, delivers, and conveys to Assignees the following, all of which are collectively called the ("Assets"):

- a. The Crowe #2 (API #181-31543) and associated wellbore, with a surface location situated at latitude 33° 49' 10" – north, longitude 96° 41' 55" – west, in Section 11, BLK 1, 11, 15, 16, the South 79 acres of the Wood & Buckles Survey, Abstract 1373, Grayson County, TX, (from the surface of the earth down to the measured depth of 11,164'), collectively referred to in this Assignment as the ("Well").

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recomplete at a measured depth not greater than 11,164', and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all

claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

6. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Well to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify, and hold Assignees harmless from and against all claims. Assignees shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

8. Transfer Taxes and Recording Fees. Assignees shall bear and pay: (i) all State or local government sales, documentation, transfer, gross proceeds, or similar taxes incident to or caused by the transfer of the Assets to Assignees; and, (ii) all filing, recording or registration fees for this Assignment.

9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23rd day of March 2016.

ASSIGNOR:

MARICOPA RESOURCES, LLC

By: 

William C. Griffin, Secretary

ASSIGNEE:

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: 

Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

ASSIGNEE:

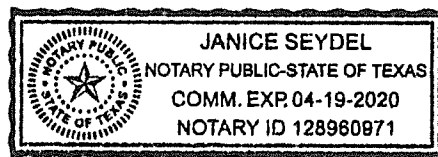
PAYSON PETROLEUM 3 WELL, L.P.

Bk	Vol	Page
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By: *Matthew C. Griffin*
 Payson Petroleum Grayson, LLC, General Partner
 Matthew C. Griffin, President

STATE OF TEXAS §
 §
 COUNTY OF DENTON §

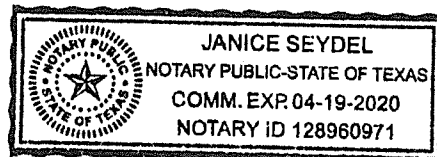
This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.



Janice Seydel
 Notary in and for the State of Texas

STATE OF TEXAS §
 §
 COUNTY OF DENTON §

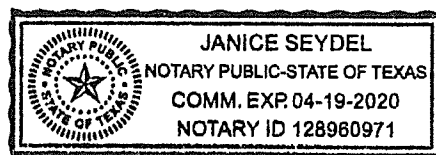
This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.



Janice Seydel
 Notary in and for the State of Texas

STATE OF TEXAS §
 §
 COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.



Janice Seydel
 Notary in and for the State of Texas

EXHIBIT "A" TO WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE

PROPERTY DESCRIPTION:

1. The Crowe #2 (API #181-31543) and associated wellbore, with a surface location situated at latitude 33° 49' 10" – north, longitude 96° 41' 55" – west, in Section 11, BLK 1, 11, 15, 16, the South 79 acres of the Wood & Buckles Survey, Abstract 1373, Grayson County, TX, (from the surface of the earth down to the measured depth of 11,164'), collectively referred to in this Assignment as the ("Well").
2. Whether now owned or acquired in the future, all personal property, all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities and other equipment or property of any kind acquired or used for the operation of the Crowe #2 Well, or used for the production or sale of oil, natural gas and other products from the well.

THE FOLLOWING DESCRIBED LEASES, ONLY INsofar AS THEY COVER AND ARE NECESSARY TO OPERATE, MAINTAIN, PRODUCE AND PLUG AND ABANDON BUT NOT DEEPEN OR SIDETRACK THE PROPERTY DESCRIBED HEREINABOVE:

EXHIBIT "A"

County	Lessor	Lessee	Instrument Filed	Volume/Page	Effective Date
Grayson	Marilyn Teresa Morrow	RWJ Exploration, LLC	Oil, Gas, and Mineral Lease	4724/434	6/12/2009
Grayson	Samuel Louis Crow	Atoka Operatinc, Inc.	Oil, Gas, and Mineral Lease	4536/579	1/7/2008
Grayson	Linda Darnell Lott, acting as Agent and Attorney-in-Fact for Frank L. Darnell, Sr., a widower	Atoka Operating, Inc.	Oil, Gas, and Mineral Lease	4536/566	4/3/2008
Grayson	Linda Darnell Lott, as Independent Executrix of The Estate Dorothy L. Darnell, Deceased	Atoka Operating, Inc.	Oil, Gas, and Mineral Lease	4536/583	4/1/2008
Grayson	Allen M. Tonkin, Jr. Revocable Trust, Allen M. Tonkin Jr., Trustee	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/294	5/1/2011
Grayson	Nancy P. Tonkin Revocable Trust, Nancy T. Cutter and Allen M. Tonkin, Jr, Trustees	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/287	5/1/2011
Grayson	Nancy T. Cutter Revocable Trust, Nancy T. Cutter Trustee	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/291	5/1/2011
Grayson	Linley T. Solari Revocable Trust, Linley T. Solari, Trustee	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/284	5/1/2011
Grayson	Solari Luz, LLC	Texas Land & Petroleum Company, LLC	Ratification of Oil and Gas Lease	5043/663	5/1/2011

END OF EXHIBIT "A"

**Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090**



70 2016 00006065

Instrument Number: 2016-00006065

As

Recorded On: March 28, 2016**Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 5****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 7****Comment: ASSIGN**

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Recordings	32.00
Total Recording:	32.00

******* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:**Record and Return To:**

Document Number: 2016-00006065

Receipt Number: 447187

PAYSON PETROLEUM

Recorded Date/Time: March 28, 2016 12:09:45P

2652 FM 407 E #250

Book-Vol/Pg: BK-OR VL-5779 PG-397

BARTONVILLE TX 76226

User / Station: G WHITE - Cashiering Station 1

THE STATE OF TEXAS
COUNTY OF GRAYSONI hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

Wilma Blackshear Bush, Grayson County Clerk

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

**WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE,
AND RELEASE**

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS that the undersigned Maricopa Resources, LLC, whose address is 2652 FM 407 E #250, Bartonville, Texas, 76226 (the "Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, does hereby BARGAIN, SELL, GRANT, ASSIGN and CONVEY unto the following parties (the "Assignees") in the percentages as listed below, all of Assignor's right, title and interest in and to the well and wellbore described below, together with the rights associated with the wellbore as specifically described below (collectively the "Assets," as that term is defined below).

Payson Petroleum 3 Well 2014, L.P. an undivided 72.210840%
2652 FM 407 E #250
Bartonville, Texas 76226

Payson Petroleum 3 Well, L.P. an undivided 27.789160%
2652 FM 407 E #250
Bartonville, Texas 76226

This Wellbore Assignment, Conveyance, Bill of Sale, and Release (the "Assignment"), dated to be effective June 2, 2014 (the "Effective Date"), is subject to all instruments of record, including land owners royalty interests and reserved overriding royalty interests.

Assignor excepts from this Assignment and reserves unto itself an overriding royalty interest that is equal to the difference between the lease burdens and twenty-five percent (25%) of all oil, gas and other minerals that may be produced from the lands under the terms of the Leases, as that term is defined below.

This Assignment is further subject to that certain Declaration of Pooled Unit – Elaine #1, dated to be effective June 1, 2014, by Maricopa Resources LLC, and recorded in Volume 5530, Page 781, of the Official Public Records of Grayson County, Texas.

Assignor does not assign to Assignees any of its interest in and to the Excluded Assets, as that term is defined below.

To accomplish the foregoing, Assignor and Assignees agree as follows:

ASSIGNMENT AND AGREEMENT

For valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor sells, assigns, transfers, delivers, and conveys to Assignees the following, all of which are collectively called the ("Assets"):

a. The Elaine #1 (API #181-31547) and associated wellbore, with a surface location situated at latitude 33° 44' 55" – north, longitude 96° 41' 02" – west, in Section 26, BLK 1, 11, 15, 16, the East half of the J.C. Wade Survey, Abstract 1382, Grayson County, TX, (from the surface of the earth down to the measured depth of 12,309'), collectively referred to in this Assignment as the ("Well").

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recompleat at a measured depth not greater than 12,309', and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all

claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

6. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Well to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify, and hold Assignees harmless from and against all claims. Assignees shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

8. Transfer Taxes and Recording Fees. Assignees shall bear and pay: (i) all State or local government sales, documentation, transfer, gross proceeds, or similar taxes incident to or caused by the transfer of the Assets to Assignees; and, (ii) all filing, recording or registration fees for this Assignment.

9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23rd day of March 2016.

ASSIGNOR:

MARICOPA RESOURCES, LLC

By: 

William C. Griffin, Secretary

ASSIGNEE:

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: 

Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

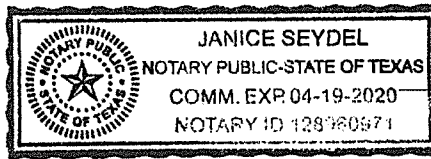
ASSIGNEE:

PAYSON PETROLEUM 3 WELL, L.P.

By: *Matthew C. Griffin*
 Payson Petroleum Grayson, LLC, General Partner
 Matthew C. Griffin, President

STATE OF TEXAS §
 COUNTY OF DENTON §

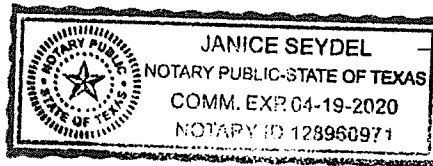
This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.



Janice Seydel
 Notary in and for the State of Texas

STATE OF TEXAS §
 COUNTY OF DENTON §

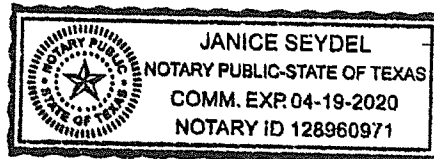
This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.



Janice Seydel
 Notary in and for the State of Texas

STATE OF TEXAS §
 COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.



Janice Seydel
 Notary in and for the State of Texas

EXHIBIT "A" TO WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE

PROPERTY DESCRIPTION:

1. The Elaine #1 (API #181-31547) and associated wellbore, with a surface location situated at latitude 33° 44' 55" – north, longitude 96° 41' 02" – west, in Section 26, BLK 1, 11, 15, 16, the East half of the J.C. Wade Survey, Abstract 1382, Grayson County, TX, (from the surface of the earth down to the measured depth of 12,309'), collectively referred to in this Assignment as the ("Well").
2. Whether now owned or acquired in the future, all personal property, all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities and other equipment or property of any kind acquired or used for the operation of the Elaine #1 Well, or used for the production or sale of oil, natural gas and other products from the well.

THE FOLLOWING DESCRIBED LEASES, ONLY INsofar AS THEY COVER AND ARE NECESSARY TO OPERATE, MAINTAIN, PRODUCE AND PLUG AND ABANDON BUT NOT DEEPEN OR SIDETRACK THE PROPERTY DESCRIBED HEREINABOVE:

EXHIBIT "A"

County	Lessor	Lessee	Volume	Page	Date
Grayson	Linda Buechner Byrne, as her separate property	TLPC Holdings, Ltd.	5411	536	11/18/2013
Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411	532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of the Estate of Barry L. Buechner, Deceased	TLPC Holdings, Ltd.	5411	540	11/18/2013
Grayson	Kennedy & Minshew, PC	TLPC Holdings, Ltd.	5049	747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061	139	9/30/2011
Grayson	Louie A. Hattensy, Jr.	TLPC Holdings, Ltd.	5057	937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031	870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031	846	9/30/2011
Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031	854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031	862	9/30/2011
Grayson	Susan R. Greene	TLPC Holdings, Ltd.	5031	398	8/18/2011
Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031	390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034	673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034	665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036	856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031	406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031	414	9/30/2011
Grayson	SH Productions, Inc.	Maricopa Resources, LLC	5464	919	2/24/2014
Grayson	Kathy Reed	Maricopa Resources, LLC	5464	927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464	931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464	915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464	923	2/24/2014
Grayson	Carin Isabel Knoop	Maricopa Resources, LLC	5464	910	4/7/2014
Grayson	Preston 150 Joint Venture	Maricopa Resources, LLC	5521	166	3/24/2014

END OF EXHIBIT "A"

JOINT MOTION FOR ENTRY OF AGREED FINAL JUDGMENT

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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JASON R. SEARCY, CHAPTER 11 TRUSTEE, Plaintiff, vs. PAYSON PETROLEUM 3 WELL, L.P. & PAYSON PETROLEUM 3 WELL 2014, L.P., Defendants.	§ § § § § § § § § §	Adversary No. 16-04106
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JOINT MOTION FOR ENTRY OF AGREED FINAL JUDGMENT

TO THE HONORABLE BRENDA RHOADES, U. S. BANKRUPTCY JUDGE:

COME NOW, Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 (the “Payson Trustee”) and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 (the “LP Trustee”) to file their *Joint Motion for Entry of Agreed Final Judgment* (the “Joint Motion”), and in support thereof, respectfully show unto the Court the following:

1. On July 13, 2017, Payson Trustee filed his First Amended Complaint in this adversary proceeding against Payson Petroleum 3 Well, L.P. ("3 Well LP") and Payson Petroleum 3 Well 2014, L.P. ("2014 LP") and asserted, *inter alia*, the following claims:

- breach of contract claims on behalf of Payson Petroleum, Inc. ("Payson Petroleum") against 3 Well LP and 2014 LP (collectively the "Defendants") for failure to pay amounts owed under certain "Turnkey Agreements;"
- actual and constructive fraudulent transfer claims on behalf of Payson Petroleum against Defendants to avoid and recover certain investment amounts Payson Petroleum transferred to Defendants;
- actual and constructive fraudulent transfer claims on behalf of Maricopa Resources, LLC ("Maricopa") against Defendants to avoid and recover certain wellbore interests that Maricopa transferred to Defendants during the 90-day period prior to June 10, 2016 in the Elaine No. 1, Crowe No. 2, and William No. 1H Wells (collectively the "Subject Wells"); and
- preferential transfer claims on behalf of Maricopa against Defendants to avoid and recover the interests in the Subject Wells that Maricopa transferred to Defendants during the 90-day period prior to June 10, 2016.

(collectively the "Subject Claims").

2. Following arms-length negotiations, the Payson Trustee and LP Trustee determined to settle disputes related to the Subject Claims, entered into that certain Settlement Agreement dated _____, 2017 (the "Agreement"), and filed Joint Motions to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 in Bankruptcy Case Nos. 16-40144, 17-40179, and 17-40180 (the "Joint Motions to Compromise") which sought entry of agreed orders in the applicable bankruptcy cases approving the Agreement (the "Agreed Orders").

3. On _____, the Court entered the Agreed Orders.

4. As more fully set forth in the Agreement, Joint Motions to Compromise, and Agreed Orders, the parties have agreed to entry of the "Agreed Final Judgment" in the form attached hereto as **Exhibit 1** in order to fully resolve the issues in the above-titled adversary

proceeding.

WHEREFORE, the Payson Trustee and LP Trustee respectfully request that this Court enter the Agreed Final Judgment and grant such other and further relief as is just and proper.

Dated: __, 2017

Respectfully submitted,

By: /s/

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

**COUNSEL FOR JASON R. SEARCY,
CHAPTER 11 TRUSTEE FOR PAYSON
PETROLEUM, INC., PAYSON
OPERATING, LLC, AND MARICOPA
RESOURCES, LLC**

By: /s/

Keith W. Harvey
State Bar No. 09180100
THE HARVEY LAW FIRM, P.C.
6510 Abrams Road
Suite 280
Dallas, Texas 75231
(972) 243-3960 Phone
(972)-241-3970 Facsimile

**COUNSEL FOR CHRISTOPHER J.
MOSER, CHAPTER 7 TRUSTEE FOR
PAYSON PETROLEUM 3 WELL, L.P.
AND PAYSON PETROLEUM 3 WELL
2014, L.P.**

I certify that on the ____ day of _____, 2017, a true and correct copy of the above and foregoing was served on the interested parties via the Court's ECF notification system.

4



(“Payson Petroleum”) the sum of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) under that certain October 10, 2013 Subscription Turn Key Agreement between 3 Well LP and Payson Petroleum (the “3 Well LP Turnkey Agreement”);

- Payson Petroleum 3 Well 2014, L.P. (“2014 LP”) owes Payson Petroleum the sum of TWO MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) under that certain January 12, 2014 Subscription Turn Key Agreement between 2014 LP and Payson Petroleum (the “2014 LP Turnkey Agreement”);

- On or about Marcy 28, 2016, Maricopa Resources, LLC (“Maricopa”) assigned certain interests in the William #1H (API # 181-31557), the Crowe #2 (API #181-31543), and the Elaine #1 (API #181-31547) (collectively the “Subject Wells”) oil and gas wells and related leaseholds to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066 and are attached hereto as **Exhibit 1** (the “Avoidable Assignments”); and

- Maricopa made the Avoidable Assignments during the 90-day period preceding the filing of Maricopa’s bankruptcy petition, while Maricopa was not solvent, in furtherance of a fraudulent scheme which defrauded Maricopa’s creditors, and without receiving reasonably equivalent value in return from 3 Well LP or 2014 LP and, therefore, that the Avoidable Assignments may be avoided pursuant to 11 U.S.C. § 548(a)(1)(A) & (B).

It is therefore ORDERED, ADJUDGED, AND DECREED that the Motion is Granted;

It is further ORDERED, ADJUDGED, AND DECREED that the Avoidable Assignments are constructive and actual fraudulent transfers of the interests set forth therein and are hereby

avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B);

It is further ORDERED, ADJUDGED, AND DECREED that **Final Judgment** is hereby granted in favor of:

- Payson Petroleum against 3 Well LP in the amount of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) on account of 3 Well LP's breach of the 3 Well LP Turnkey Agreement;
- Payson Petroleum against 2014 LP in the principal amount of TWO MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) on account of 2014 LP's breach of the 2014 LP Turnkey Agreement;
- Maricopa against 3 Well LP for the interests transferred to 3 Well LP via the Avoidable Assignments and/or the value thereof; and
- Maricopa against 2014 LP for the interests transferred to 2014 LP via the Avoidable Assignments and/or the value thereof.

It is further ORDERED, ADJUDGED, AND DECREED that:

- Payson Petroleum shall have an allowed unsecured claim in Bankruptcy Case No. 17-40179 in the amount of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) on account of 3 Well LP's breach of the 3 Well LP Turnkey Agreement; and
- Payson Petroleum shall have an allowed unsecured claim in Bankruptcy Case No. 17-40180 in the amount of TWO MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) on account of 2014 LP's breach of the 2014 LP Turnkey Agreement.

This is a Final Judgment. All relief not ordered herein is expressly denied.

SUBMITTED BY:

/s/_____

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC, AND MARICOPA RESOURCES, LLC

AGREED AS TO FORM AND SUBSTANCE:

/s/_____

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC, AND MARICOPA RESOURCES, LLC

/s/_____

Keith W. Harvey
State Bar No. 09180100
THE HARVEY LAW FIRM, P.C.
6510 Abrams Road Suite 280
Dallas, Texas 75231
(972) 243-3960 Phone
(972)-241-3970 Facsimile

COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE FOR PAYSON PETROLEUM 3 WELL, L.P. AND PAYSON PETROLEUM 3 WELL 2014, L.P.

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090



70 2016 00006064

Instrument Number: 2016-00006064

As

Recorded On: March 28, 2016**Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 6****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 8****Comment: ASSIGN**

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Recordings	36.00
Total Recording:	36.00

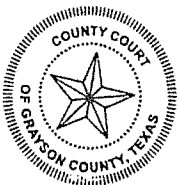
***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:**Record and Return To:**

Document Number: 2016-00006064
Receipt Number: 447187
Recorded Date/Time: March 28, 2016 12:09:45P
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User / Station: G WHITE - Cashiering Station 1

PAYSON PETROLEUM
2652 FM 407 E #250
BARTONVILLE TX 76226



THE STATE OF TEXAS
COUNTY OF GRAYSON
I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

Wilma Blackshear Bush

Wilma Blackshear Bush, Grayson County Clerk

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

**WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE,
AND RELEASE**

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS that the undersigned Maricopa Resources, LLC, whose address is 2652 FM 407 E #250, Bartonville, Texas, 76226 (the "Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, does hereby BARGAIN, SELL, GRANT, ASSIGN and CONVEY unto the following parties (the "Assignees") in the percentages as listed below, all of Assignor's right, title and interest in and to the well and wellbore described below, together with the rights associated with the wellbore as specifically described below (collectively the "Assets," as that term is defined below).

Payson Petroleum 3 Well 2014, L.P. an undivided 72.210840%
2652 FM 407 E #250
Bartonville, Texas 76226

Payson Petroleum 3 Well, L.P. an undivided 27.789160%
2652 FM 407 E #250
Bartonville, Texas 76226

This Wellbore Assignment, Conveyance, Bill of Sale, and Release (the "Assignment"), dated to be effective August 1, 2015 (the "Effective Date"), is subject to all instruments of record, including land owners royalty interests and reserved overriding royalty interests.

Assignor excepts from this Assignment and reserves unto itself an overriding royalty interest that is equal to the difference between the lease burdens and twenty-five percent (25%) of all oil, gas and other minerals that may be produced from the lands under the terms of the Leases, as that term is defined below.

This Assignment is further subject to that certain Declaration of Pooled Unit – William #1H, dated August 15, 2014, by Maricopa Resources LLC, and recorded in Volume 5650, Page 778 of the Official Public Records of Grayson County, Texas.

Assignor does not assign to Assignees any of its interest in and to the Excluded Assets, as that term is defined below.

To accomplish the foregoing, Assignor and Assignees agree as follows:

ASSIGNMENT AND AGREEMENT

For valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor sells, assigns, transfers, delivers, and conveys to Assignees the following, all of which are collectively called the "Assets":

a. The William #1H (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of the Section 26, BLK 1, 11, 15, 16, JM Dodgin Survey, Abstract 378, Grayson County, TX, (from the surface of the earth down to the base of the Viola Limestone

defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX), collectively referred to in this Assignment as the ("Well").

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recompleat at a depth not greater than the base of the Viola Limestone defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

6. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Well to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify, and hold Assignees harmless from and against all claims. Assignees shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

8. Transfer Taxes and Recording Fees. Assignees shall bear and pay: (i) all State or local government sales, documentation, transfer, gross proceeds, or similar taxes incident to or caused by the transfer of the Assets to Assignees; and, (ii) all filing, recording or registration fees for this Assignment.

9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23rd day of March 2016.

ASSIGNOR:
MARICOPA RESOURCES, LLC

By: W.C. Griffin
William C. Griffin, Secretary

ASSIGNEE:

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: *Matthew C. Griffin*
 Payson Petroleum Grayson, LLC, General Partner
 Matthew C. Griffin, President

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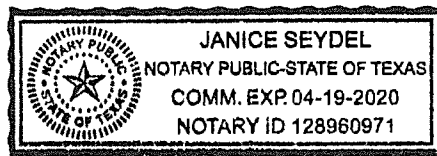
ASSIGNEE:

PAYSON PETROLEUM 3 WELL, L.P.

By: *Matthew C. Griffin*
 Payson Petroleum Grayson, LLC, General Partner
 Matthew C. Griffin, President

STATE OF TEXAS §
 §
 COUNTY OF DENTON §

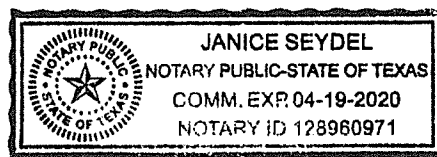
This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.



Janice Seydel
 Notary in and for the State of Texas

STATE OF TEXAS §
 §
 COUNTY OF DENTON §

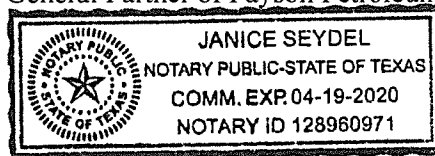
This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.



Janice Seydel
 Notary in and for the State of Texas

STATE OF TEXAS §
 §
 COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.



Janice Seydel
 Notary in and for the State of Texas

EXHIBIT "A" TO WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE

PROPERTY DESCRIPTION:

1. The William #1H (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of the Section 26, BLK 1, 11, 15, 16, JM Dodgin Survey, Abstract 378, Grayson County, TX, (from the surface of the earth down to the base of the Viola Limestone defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX).
2. Whether now owned or acquired in the future, all personal property, all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities and other equipment or property of any kind acquired or used for the operation of the William # 1H Well, or used for the production or sale of oil, natural gas and other products from the well.

THE FOLLOWING DESCRIBED LEASES, ONLY INsofar AS THEY COVER AND ARE NECESSARY TO OPERATE, MAINTAIN, PRODUCE AND PLUG AND ABANDON BUT NOT DEEPEN OR SIDETRACK THE PROPERTY DESCRIBED HEREINABOVE:

EXHIBIT "A"

County	Lessor	Lessee	Volume	Page	Date
Grayson	Linda Buechner Byrne, as her separate property	TLPC Holdings, Ltd.	5411	536	11/18/2013
Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411	532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of the Estate of Barry L. Buechner, Deceased	TLPC Holdings, Ltd.	5411	540	11/18/2013
Grayson	Kennedy & Minshew, PC	TLPC Holdings, Ltd.	5049	747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061	139	9/30/2011
Grayson	Louie A. Hattensty, Jr.	TLPC Holdings, Ltd.	5057	937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031	870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031	846	9/30/2011
Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031	854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031	862	9/30/2011
Grayson	Susan R. Greene	TLPC Holdings, Ltd.	5031	398	8/18/2011
Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031	390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034	673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034	665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036	856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031	406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031	414	9/30/2011
Grayson	SH Productions, Inc.	Maricopa Resources, LLC	5464	919	2/24/2014
Grayson	Kathy Reed	Maricopa Resources, LLC	5464	927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464	931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464	915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464	923	2/24/2014
Grayson	Endeavor Energy Resources, L.P.	OKT Resources, LLC	4981	402	2/1/2011

Grayson	Thomas W. Lett, Individually and as Trustee of the Sam Lett Testamentary Trust	OKT Resources, LLC	4418	520	2/1/2008
Grayson	Castello Enterprises, Inc.	OKT Resources, LLC	4980	156	2/1/2011
Grayson	Wilbur Lee Dean III	Matthew Avery	4296	513	4/18/2007
Grayson	Joseph Glen Dean	Matthew Avery	4296	506	4/18/2007
Grayson	Paula Marie Dean Halbach, aka Paula Marie Dean	Matthew Avery	4980	140	4/18/2007
Grayson	Landon Boyd Odle	Matthew Avery	4760	92	1/31/2007
Grayson	Douglas Kent Odle	Matthew Avery	4760	88	3/6/2007
Grayson	Gary Wayne Odle, dealing in his sole and separate property	Matthew Avery	4296	493	5/10/2007
Grayson	LaJuan Odle	Matthew Avery	4760	92	1/30/2007
Grayson	Pottsboro Church of Christ	Matthew Avery	4983	321	4/10/2011
Grayson	Vurlas Lane Wilson, a/k/a Verlas Lane Wilson and Marjorie Marie Wilson H/W	Matthew Avery	4296	469	4/27/2007
Grayson	John Robert Hooper	Paradise Springs, LLC	4993	305	2/12/2011
Grayson	Berdine Eberhart and Tom Eberhart W/H	Matthew Avery	4296	441	4/27/2007
Grayson	Terry Lee Garofalo, a married woman dealing in her sole and separate property	Matthew Avery	4980	144	1/2/2011
Grayson	Ann W. Tracy, Trustee under the Ann W. Tracy Revocable Trust dated January 8, 1991	Matthew Avery	4296	457	6/27/2007
Grayson	Ilva Wilson, Ind and as Trustee of the James M Wilson Jr and Ilva Wilson Family Trust	Matthew Avery	4297	46	6/27/2007
Grayson	Bobby C Wilson	Matthew Avery	4296	461	6/27/2007
Grayson	Peggy Ann Gehrig	Matthew Avery	4296	449	6/27/2007
Grayson	Thomas J. Wilson	Matthew Avery	4296	466	6/27/2007
Grayson	Lee Marjorie Hooper	Matthew Avery	4296	454	4/27/2007
Grayson	Berdine Eberhart and Tom Eberhart W/H	Matthew Avery	4296	441	4/27/2007
Grayson	Terry Lee Garofalo and Marty J. Garofalo, wife and husband	Matthew Avery	4296	445	4/27/2007
Grayson	Anadarko E&P Onshore, LLC	Paradise Springs, LLC	5355	704	8/28/2013
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5274	698	3/15/2013
Grayson	PCB Trust, Philip C. Brown, Trustee, and Philip Charles Brown	Paradise Springs, LLC	5274	701	3/15/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5367	400	9/10/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5002	826	8/21/2011
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5002	830	8/21/2011
Grayson	Philip C Brown, a/ka Philip Charles Brown; PCB Trust	Paradise Springs, LLC	5002	834; 838	8/21/2011

END OF EXHIBIT "A"

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090



70 2016 00006066

Instrument Number: 2016-00006066

As

Recorded On: March 28, 2016**Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 5****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 7****Comment: ASSIGN**

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Recordings	32.00
Total Recording:	32.00

******* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *******

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because of color or race is invalid and unenforceable under federal law.

File Information:**Record and Return To:**

Document Number: 2016-00006066
Receipt Number: 447187
Recorded Date/Time: March 28, 2016 12:09:45P
Book-Vol/Pg: BK-OR VL-5779 PG-404
User / Station: G WHITE - Cashiering Station 1

PAYSON PETROLEUM
2652 FM 407 E #250
BARTONVILLE TX 76226



THE STATE OF TEXAS
COUNTY OF GRAYSON
I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

Wilma Blackshear Bush

Wilma Blackshear Bush, Grayson County Clerk

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**WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE,
AND RELEASE**

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS that the undersigned Maricopa Resources, LLC, whose address is 2652 FM 407 E #250, Bartonville, Texas, 76226 (the "Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, does hereby BARGAIN, SELL, GRANT, ASSIGN and CONVEY unto the following parties (the "Assignees") in the percentages as listed below, all of Assignor's right, title and interest in and to the well and wellbore described below, together with the rights associated with the wellbore as specifically described below (collectively the "Assets," as that term is defined below).

Payson Petroleum 3 Well 2014, L.P. an undivided 72.210840%
2652 FM 407 E #250
Bartonville, Texas 76226

Payson Petroleum 3 Well, L.P. an undivided 27.789160%
2652 FM 407 E #250
Bartonville, Texas 76226

This Wellbore Assignment, Conveyance, Bill of Sale, and Release (the "Assignment"), dated to be effective April 9, 2014 (the "Effective Date"), is subject to all instruments of record, including land owners royalty interests and reserved overriding royalty interests.

Assignor excepts from this Assignment and reserves unto itself an overriding royalty interest that is equal to the difference between the lease burdens and twenty-five percent (25%) of all oil, gas and other minerals that may be produced from the lands under the terms of the Leases, as that term is defined below.

This Assignment is further subject to that certain Assignment of Oil and Gas Leases, dated November 23, 2010, entered into between Atoka Operating, Inc. and Barber Exploration Company, and recorded in Volume 4888, Page 924, of the Official Public Records of Grayson County, Texas.

Assignor does not assign to Assignees any of its interest in and to the Excluded Assets, as that term is defined below.

To accomplish the foregoing, Assignor and Assignees agree as follows:

ASSIGNMENT AND AGREEMENT

For valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor sells, assigns, transfers, delivers, and conveys to Assignees the following, all of which are collectively called the ("Assets"):

- a. The Crowe #2 (API #181-31543) and associated wellbore, with a surface location situated at latitude 33° 49' 10" – north, longitude 96° 41' 55" – west, in Section 11, BLK 1, 11, 15, 16, the South 79 acres of the Wood & Buckles Survey, Abstract 1373, Grayson County, TX, (from the surface of the earth down to the measured depth of 11,164'), collectively referred to in this Assignment as the ("Well").

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recompleat at a measured depth not greater than 11,164', and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all

claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

6. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Well to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify, and hold Assignees harmless from and against all claims. Assignees shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

8. Transfer Taxes and Recording Fees. Assignees shall bear and pay: (i) all State or local government sales, documentation, transfer, gross proceeds, or similar taxes incident to or caused by the transfer of the Assets to Assignees; and, (ii) all filing, recording or registration fees for this Assignment.

9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23rd day of March 2016.

ASSIGNOR:

MARICOPA RESOURCES, LLC

By: 

William C. Griffin, Secretary

ASSIGNEE:

PAYSON PETROLEUM 3 WELL 2014, L.P.

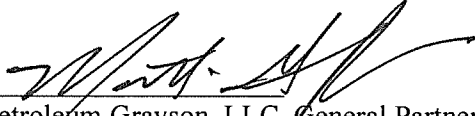
By: 

Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

ASSIGNEE:

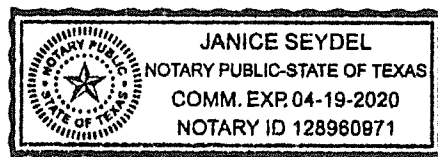
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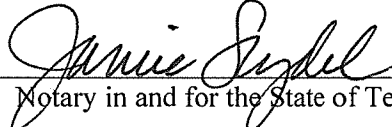
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By: 
 Payson Petroleum Grayson, LLC, General Partner
 Matthew C. Griffin, President

STATE OF TEXAS §
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 COUNTY OF DENTON §

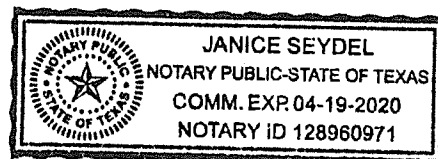
This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.

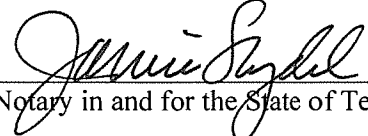



 Notary in and for the State of Texas

STATE OF TEXAS §
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 COUNTY OF DENTON §

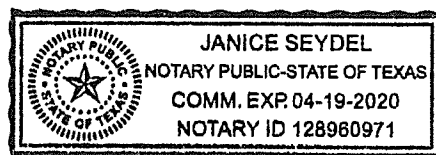
This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.




 Notary in and for the State of Texas

STATE OF TEXAS §
 §
 COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.



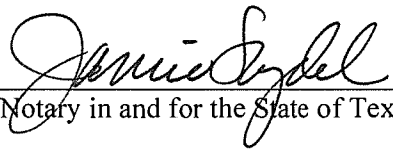

 Notary in and for the State of Texas

EXHIBIT "A" TO WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE

PROPERTY DESCRIPTION:

1. The Crowe #2 (API #181-31543) and associated wellbore, with a surface location situated at latitude 33° 49' 10" – north, longitude 96° 41' 55" – west, in Section 11, BLK 1, 11, 15, 16, the South 79 acres of the Wood & Buckles Survey, Abstract 1373, Grayson County, TX, (from the surface of the earth down to the measured depth of 11,164'), collectively referred to in this Assignment as the ("Well").
2. Whether now owned or acquired in the future, all personal property, all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities and other equipment or property of any kind acquired or used for the operation of the Crowe #2 Well, or used for the production or sale of oil, natural gas and other products from the well.

THE FOLLOWING DESCRIBED LEASES, ONLY INsofar AS THEY COVER AND ARE NECESSARY TO OPERATE, MAINTAIN, PRODUCE AND PLUG AND ABANDON BUT NOT DEEPEN OR SIDETRACK THE PROPERTY DESCRIBED HEREINABOVE:

EXHIBIT "A"

County	Lessor	Lessee	Instrument Filed	Volume/Page	Effective Date
Grayson	Marilyn Teresa Morrow	RWJ Exploration, LLC	Oil, Gas, and Mineral Lease	4724/434	6/12/2009
Grayson	Samuel Louis Crow	Atoka Operatinc, Inc.	Oil, Gas, and Mineral Lease	4536/579	1/7/2008
Grayson	Linda Darnell Lott, acting as Agent and Attorney-in-Fact for Frank L. Darnell, Sr., a widower	Atoka Operating, Inc.	Oil, Gas, and Mineral Lease	4536/566	4/3/2008
Grayson	Linda Darnell Lott, as Independent Executrix of The Estate Dorothy L. Darnell, Deceased	Atoka Operating, Inc.	Oil, Gas, and Mineral Lease	4536/583	4/1/2008
Grayson	Allen M. Tonkin, Jr. Revocable Trust, Allen M. Tonkin Jr., Trustee	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/294	5/1/2011
Grayson	Nancy P. Tonkin Revocable Trust, Nancy T. Cutter and Allen M. Tonkin, Jr, Trustees	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/287	5/1/2011
Grayson	Nancy T. Cutter Revocable Trust, Nancy T. Cutter Trustee	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/291	5/1/2011
Grayson	Linley T. Solari Revocable Trust, Linley T. Solari, Trustee	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/284	5/1/2011
Grayson	Solari Luz, LLC	Texas Land & Petroleum Company, LLC	Ratification of Oil and Gas Lease	5043/663	5/1/2011

END OF EXHIBIT "A"



70 2016 00006065

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090

Instrument Number: 2016-00006065

As

Recorded On: March 28, 2016**Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 5****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 7****Comment: ASSIGN**

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Recordings	32.00
Total Recording:	32.00

******* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:**Record and Return To:**

Document Number: 2016-00006065
Receipt Number: 447187
Recorded Date/Time: March 28, 2016 12:09:45P
Book-Vol/Pg: BK-OR VL-5779 PG-397
User / Station: G WHITE - Cashiering Station 1

PAYSON PETROLEUM
2652 FM 407 E #250
BARTONVILLE TX 76226



THE STATE OF TEXAS
COUNTY OF GRAYSON
I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

Wilma Blackshear Bush

Wilma Blackshear Bush, Grayson County Clerk

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

**WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE,
AND RELEASE**

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS that the undersigned Maricopa Resources, LLC, whose address is 2652 FM 407 E #250, Bartonville, Texas, 76226 (the "Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, does hereby BARGAIN, SELL, GRANT, ASSIGN and CONVEY unto the following parties (the "Assignees") in the percentages as listed below, all of Assignor's right, title and interest in and to the well and wellbore described below, together with the rights associated with the wellbore as specifically described below (collectively the "Assets," as that term is defined below).

Payson Petroleum 3 Well 2014, L.P. an undivided 72.210840%
2652 FM 407 E #250
Bartonville, Texas 76226

Payson Petroleum 3 Well, L.P. an undivided 27.789160%
2652 FM 407 E #250
Bartonville, Texas 76226

This Wellbore Assignment, Conveyance, Bill of Sale, and Release (the "Assignment"), dated to be effective June 2, 2014 (the "Effective Date"), is subject to all instruments of record, including land owners royalty interests and reserved overriding royalty interests.

Assignor excepts from this Assignment and reserves unto itself an overriding royalty interest that is equal to the difference between the lease burdens and twenty-five percent (25%) of all oil, gas and other minerals that may be produced from the lands under the terms of the Leases, as that term is defined below.

This Assignment is further subject to that certain Declaration of Pooled Unit – Elaine #1, dated to be effective June 1, 2014, by Maricopa Resources LLC, and recorded in Volume 5530, Page 781, of the Official Public Records of Grayson County, Texas.

Assignor does not assign to Assignees any of its interest in and to the Excluded Assets, as that term is defined below.

To accomplish the foregoing, Assignor and Assignees agree as follows:

ASSIGNMENT AND AGREEMENT

For valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor sells, assigns, transfers, delivers, and conveys to Assignees the following, all of which are collectively called the ("Assets"):

a. The Elaine #1 (API #181-31547) and associated wellbore, with a surface location situated at latitude 33° 44' 55" – north, longitude 96° 41' 02" – west, in Section 26, BLK 1, 11, 15, 16, the East half of the J.C. Wade Survey, Abstract 1382, Grayson County, TX, (from the surface of the earth down to the measured depth of 12,309'), collectively referred to in this Assignment as the ("Well").

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recomplete at a measured depth not greater than 12,309', and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all

claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

6. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Well to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify, and hold Assignees harmless from and against all claims. Assignees shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

8. Transfer Taxes and Recording Fees. Assignees shall bear and pay: (i) all State or local government sales, documentation, transfer, gross proceeds, or similar taxes incident to or caused by the transfer of the Assets to Assignees; and, (ii) all filing, recording or registration fees for this Assignment.

9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23rd day of March 2016.

ASSIGNOR:

MARICOPA RESOURCES, LLC

By: 

William C. Griffin, Secretary

ASSIGNEE:

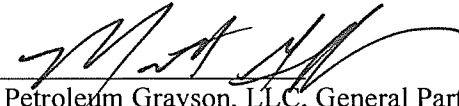
PAYSON PETROLEUM 3 WELL 2014, L.P.

By: 

Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

ASSIGNEE:

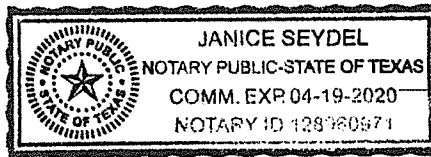
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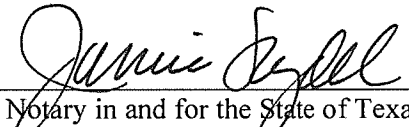
By: 
 Payson Petroleum Grayson, LLC, General Partner
 Matthew C. Griffin, President

STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.

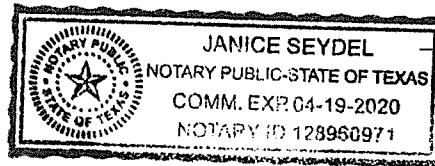


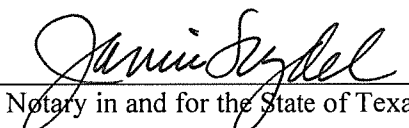

 Notary in and for the State of Texas

STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.

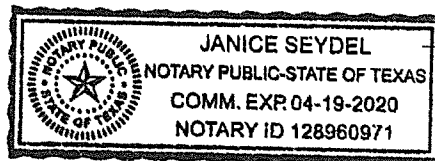



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STATE OF TEXAS §

COUNTY OF DENTON §

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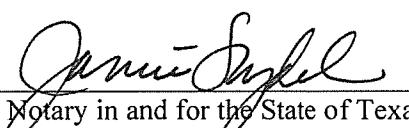

 Notary in and for the State of Texas

EXHIBIT "A" TO WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE

PROPERTY DESCRIPTION:

1. The Elaine #1 (API #181-31547) and associated wellbore, with a surface location situated at latitude 33° 44' 55" – north, longitude 96° 41' 02" – west, in Section 26, BLK 1, 11, 15, 16, the East half of the J.C. Wade Survey, Abstract 1382, Grayson County, TX, (from the surface of the earth down to the measured depth of 12,309'), collectively referred to in this Assignment as the ("Well").
2. Whether now owned or acquired in the future, all personal property, all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities and other equipment or property of any kind acquired or used for the operation of the Elaine #1 Well, or used for the production or sale of oil, natural gas and other products from the well.

THE FOLLOWING DESCRIBED LEASES, ONLY INsofar AS THEY COVER AND ARE NECESSARY TO OPERATE, MAINTAIN, PRODUCE AND PLUG AND ABANDON BUT NOT DEEPEN OR SIDETRACK THE PROPERTY DESCRIBED HEREINABOVE:

EXHIBIT "A"

County	Lessor	Lessee	Volume	Page	Date
Grayson	Linda Buechner Byrne, as her separate property	TLPC Holdings, Ltd.	5411	536	11/18/2013
Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411	532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of the Estate of Barry L. Buechner, Deceased	TLPC Holdings, Ltd.	5411	540	11/18/2013
Grayson	Kennedy & Minshew, PC	TLPC Holdings, Ltd.	5049	747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061	139	9/30/2011
Grayson	Louie A. Hattensy, Jr.	TLPC Holdings, Ltd.	5057	937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031	870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031	846	9/30/2011
Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031	854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031	862	9/30/2011
Grayson	Susan R. Greene	TLPC Holdings, Ltd.	5031	398	8/18/2011
Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031	390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034	673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034	665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036	856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031	406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031	414	9/30/2011
Grayson	SH Productions, Inc.	Maricopa Resources, LLC	5464	919	2/24/2014
Grayson	Kathy Reed	Maricopa Resources, LLC	5464	927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464	931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464	915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464	923	2/24/2014
Grayson	Carin Isabel Knoop	Maricopa Resources, LLC	5464	910	4/7/2014
Grayson	Preston 150 Joint Venture	Maricopa Resources, LLC	5521	166	3/24/2014

END OF EXHIBIT "A"

CONTRACT OPERATING SERVICES AGREEMENT

CONTRACT OPERATING SERVICES AGREEMENT

This Contract Operating Services Agreement (this "**Agreement**") made and entered into this ____ day of July, 2016 by and between Traton Operating Company. (hereinafter "**Contractor**"), and Payson Operating, LLC, (hereinafter "**Owner**"). Owner and Contractor are referred to collectively as the "**Parties**" and individually as a "**Party**".

WITNESSETH:

WHEREAS, Owner owns undivided working interests in the oil and gas leases (the "**Leases**") located in the counties and states as described in or covered by the Subject JOAs, as defined below, and as same may be amended from time to time (the land described in such Leases is referred to herein as the "**Contract Area**");

WHEREAS, Owner desires to retain the services of Contractor to act as a contract operator for the Leases; and

WHEREAS, Contractor has the capability to and desires to render such services on behalf of Owner.

WHEREAS, Contractor will perform the services as required by the Owner (of which Payson Operating, LLC is the operator of record at the Texas RRC) under certain joint operating agreements covering the Leases in the Contract Area more particularly described on *Exhibit A*, as same may be amended from time to time (the "**Subject JOAs**");

NOW, THEREFORE, based upon the mutual covenants and considerations contained herein, the sufficiency of which is hereby acknowledged, Contractor and Owner agree as follows:

ARTICLE I

DESIGNATION AND RESPONSIBILITIES OF CONTRACTOR

1.1 Subject to the terms of this Agreement, Contractor shall conduct and direct all operations on the Leases as permitted and required by and within the limits of this Agreement (the "**Services**"). Contractor shall perform all services with due diligence and dispatch in accordance with the standards for the Operator under the Subject JOAs and generally accepted oil field practice, conforming to all applicable laws, rules, orders and regulations of any competent governmental body, which are now or may become applicable to the operations contemplated by this Agreement. Owner agrees to assist Contractor by providing Contractor with authorizations necessary for the proper performance of its services. Contractor shall use all possible care and diligence to ensure that the Services rendered pursuant to this Agreement are performed:

- 1) reasonably and prudently;
- 2) in a skillful and workmanlike manner;

- 3) in full compliance with all applicable local, municipal, county, state and federal laws and regulations.

Contractor shall perform all work and labor appropriate or necessary for setting, installing, handling, caring for, and maintaining all materials, equipment, and supplies furnished by Owner in connection with the Services.

1.2 Subject to the terms of this Agreement, Contractor shall manage, develop and supervise the Contract Area. Pursuant to such obligations and as required by Owner and as applicable, Contractor shall:

- (a) Supervise contract or Contractor's pumpers, whose services will include but will not be limited to gauging tanks, recording well pressure, preparing gauge reports, treating oil, making minor repairs, and reporting unusual or abnormal occurrences.
- (b) Review well performance and prepare for Owner monthly reports that summarize production in Contractor's standard form on a per well basis for each of the Subject JOAs. Contractor shall also note and evaluate any abnormal changes in production.
- (c) Prepare and furnish to any duly constituted authority having jurisdiction over the Leases any and all reports, statements and information that may be required.
- (d) Use its best efforts to establish and maintain complete and accurate well files containing information on operations performed in connection with each well.
- (e) Review and approve all invoices and charges for all expenses incurred and credits received.
- (f) Keep accurate books of account showing all items of cost or expense incurred in connection with the Leases, and Contract Area with respect to each of the Subject JOAs, and make and pay all charges in accordance with the provisions of this Agreement.
- (g) Prepare and render billings to the Owner and non-operators with respect to each of the Subject JOAs for approved expenses and charges for services as Contractor as agreed herein.

1.3 Upon Owner's request, Contractor shall perform the following services in connection with general requests from partners or as otherwise instructed by the Trustee, completing, working-over, or drilling any well in the Contract Area, or reworking, deepening, or plugging back a dry hole:

- (a) Conduct field inspection and inventory equipment

(b) Locate and contract, on Owner's behalf, contract pumpers or gages for the Contract Area

(c) Supervise all routine well service operations and repair and maintenance operations, including onsite supervision of the installation or removal of well equipment, pumping of any treating fluid or substance into a well, and other onsite operations performed under contract by third party or with leased equipment.

(d) Supervise all drilling and completion operations, workover operations, recompletion operations, and any type of remedial operation, whether or not it would ordinarily be considered a normal well-service operation. This includes contracting with supervisory personnel for onsite supervision as required and maintaining overall supervision of such personnel through day-to-day contact.

(e) Prepare operating and drilling procedures.

(f) Prepare operating cost estimates and circulate Authorizations for Expenditures for Owner's approval.

(g) Obtain all necessary drilling permits and file all necessary and appropriate reports required prior to, during or after completion of operations.

(h) Conduct overall supervision of drilling supervisor(s) through daily monitoring of drilling, deepening, recompletion or other critical operations.

(i) Prepare AFEs and procedures and conduct overall supervision through daily monitoring of field personnel, of plugging and abandonment operations of any wells located in the Contract Area in compliance with all federal, state and local regulations and orders.

(j) Provide emergency response assistance with respect to any accident, spill, upset or similar occurrence requiring immediate action to protect the health, safety and mechanical and environmental integrity of the Contract Area and equipment located thereon.

(k) Assist Owner in responding to requests from interested parties or the Trustee including but not limited to any efforts to market its interest in the Contract Area, including making its records available and making knowledgeable personnel available to accompany potential buyers and respond to questions as they inspect and tour the properties.

(l) Maintain land and lease documents.

(m) Market Production.

(n) Perform any work falling under Contractor's expertise as directed by Owner.

(o) Unless otherwise agreed by Contractor, all contracts with third parties (excluding contracts with drilling supervisor(s) for onsite supervision), shall be in the name of Owner under master service contracts in form approved by Owner and similar in form and substance to the Master Service Agreement that has previously been established by Owner. Contractor shall have no liability with respect to third-party contracts. Provided, however, Contractor shall initiate no remedial work, repairs, replacement of equipment, etc. with an estimated total cost exceeding \$25,000.00 without the prior written approval of Owner.

1.4 All personnel involved in the day-to-day lease operations shall be under the supervision of the Contractor. The selection, hiring, dismissal and work schedule of such contractors and employees of Contractor shall be determined by Contractor.

1.5 Owner shall have access at all reasonable times to the Leases, to all information pertaining to wells drilled, production secured, and oil and gas marketed, and to the books, records, and vouchers relating to the operation of the Leases. Contractor shall, upon Owner's request, furnish Owner with weekly gauge and run tickets. Notwithstanding anything to the contrary herein, all information referenced in this Section 1.6 shall be the property of Owner.

1.6 Owner will grant Contractor access to an account for revenues, operating costs, fees and expenses for each Contract Area under each of the Subject JOAs (the "*Operating Account*"). Prior to the fifteenth (15th) day of each month, Contractor will prepare and deliver to Owner an operating statement for each of the Subject JOAs (the "*Property Operating Statement*"), which Property Operating Statement shall include (a) Contractor's estimate of production volumes; (b) actual revenues received in the prior month; (c) all costs, expenses and charges billed by third parties to Contractor in the prior month, including, without limitation, all sums due under the Leases and other liquidated monetary obligations; and (d) expenditures and fees recorded by Contractor in form satisfactory to Owner. Promptly after delivery of the Property Operating Statement, Contractor shall transfer sufficient funds from the revenue account into the operating account necessary to cover operating costs, fees (including Contractor fees) and expenses set forth on the Property Operating Statement. Contractor shall have the right to withdraw funds from the Operating Account to pay for the services hereunder. The parties hereto acknowledge and agree that from time to time the funds in the Operating Account may be insufficient to cover the operating expenses for such month, in which case Contractor shall immediately notify Owner of the projected shortfall and any interim payments into the account to cover such shortfall will be evaluated by Owner and paid on a case-by-case basis. In no event shall Contractor be required to advance funds on behalf of Owner to conduct the operations or proceed with any operations, unless there are available funds in the account to cover the cost of such operations or Owner has contracted directly for such services.

1.7 At all reasonable times and upon thirty (30) days prior written notice, Contractor shall permit employees and agents of Owner to have access to its offices and work locations to examine, reproduce and retain copies of such documentation and data and to interview Contractor's personnel in connection therewith, as necessary for Owner to verify and monitor (i) the accuracy and propriety of Service fees and reimbursable expenses pursuant to this Agreement, and (ii) Contractor's compliance with the terms of this Agreement. Where Services hereunder, are billed under fixed rates, Owner's auditors shall have sufficient access to those

rates to satisfy themselves that the Services have not also been separately billed on some other basis (e.g., a reimbursable basis). The provisions of this Section 1.7 shall be applicable during the term of this Agreement and for a period of one (1) year thereafter. Any costs associated with Owner's audit requirements or procedures shall be solely for Owner's account. If errors or deficiencies are identified by an audit or otherwise, both Parties shall take prompt corrective action thereof.

ARTICLE II COMPENSATION OF CONTRACTOR

2.1 During the term of this Agreement, Contractor shall be compensated:

(a) For Services completed under Section 1.2, in accordance with the overhead rate structure set forth on Exhibit B hereto.

(b) For Services completed under Section 1.3, in accordance with the hourly rate structure set forth on Exhibit C hereto.

2.2 The above compensation shall not include any direct costs and third-party costs that are proper charges to the Contractor Account that are incurred by the Contractor in connection with services rendered hereunder. Owner shall reimburse Contractor for any third-party charges incurred by Contractor in accordance with this Agreement within thirty (30) business days of delivery of invoice.

ARTICLE III RESPONSIBILITIES OF OWNER

3.1 Owner shall be the operator of record with respect to the Leases under each of the Subject JOAs.

3.2 Owner shall be duly authorized under all laws, rules, orders and regulations of any competent governmental body, which are now or may become applicable to the operations contemplated by this Agreement and shall obtain and maintain all necessary permits, bonds and sureties as may be required thereunder.

ARTICLE IV HEALTH AND SAFETY OBLIGATIONS

BY EXECUTING THIS AGREEMENT, CONTRACTOR REPRESENTS AND WARRANTS THAT IT IS QUALIFIED TO DO BUSINESS IN EACH OF THE JURISDICTIONS WITHIN THE CONTRACT AREA. CONTRACTOR FURTHER REPRESENTS AND WARRANTS THAT ITS EMPLOYEES ARE QUALIFIED AND COMPETENT AND THAT CONTRACTOR IS, AND WILL BE THROUGHOUT THE DURATION OF THIS AGREEMENT, TRAINED AND COMPLIANT TO THE STANDARDS OF A REASONABLY PRUDENT OPERATOR IN ALL MATTERS RELATED TO HEALTH, SAFETY AND WORK ENVIRONMENT.

ARTICLE V INDEPENDENT CONTRACTOR

Contractor undertakes the performance of the provisions of this Agreement as an independent contractor, and neither Contractor nor any of its employees, contractors or agents will be deemed to be an employee, servant, agent or partner of or joint venturer with Owner. Owner shall not, in any respect, be responsible for the hiring, employment or working conditions of the persons employed or retained by Contractor in connection with the performance of Contractor's obligations under the terms of this Agreement.

ARTICLE VI INSURANCE

Contractor shall maintain insurance of the type, in the amounts and with the limits set forth on Exhibit D hereto. Each party shall be named as an additional insured under each of the policies for the duration hereof.

ARTICLE VII FORCE MAJEURE

Contractor shall not be liable to Owner for any loss on the Leases caused by war, strikes, tornadoes, floods, governmental priorities on materials or other governmental restrictions, or inability to obtain suitable equipment or labor resulting from any other causes not due to Contractor's failure to exercise reasonable diligence in the performance of Contractor's obligations hereunder. If Contractor is delayed or prevented from performing for any such cause, it shall do all things reasonably possible to remove such cause and shall resume performance hereunder as soon as such cause is removed.

ARTICLE VIII BINDING EFFECT OF AGREEMENT

This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and permitted assigns. The right of either party to assign this Agreement is subject to the prior written consent of the non-assigning party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the immediately preceding sentence, each party may assign and transfer this Agreement to an affiliate or pursuant to a reorganization or change in control of such party or the person that controls such party without such consent. Any assignment in contravention of this Article VIII shall be void.

ARTICLE IX AMENDMENT, TERMINATION AND TURNOVER DATE

9.1 Either party hereto has the right to terminate this Agreement without cause by providing the other party with sixty (60) days prior written notice. In the event of a material breach of this Agreement by either party, including the failure of a party to perform any operation or action proposed hereunder that, the other party may terminate this Agreement by providing the breaching party with thirty (30) days notice. In the event of termination by Owner,

Owner shall pay Contractor in full all amounts due Contractor through the termination date. Upon termination of this Agreement or partial termination as to any Contract Area, Contractor will cooperate with Owner for an orderly transition of operations and will turn over all books and records regarding the Contract Area upon request. Owner shall compensate Contractor for post-termination services requested by Owner and provided in connection with the transition at Contractor's standard hourly rate as set forth on *Exhibit C*.

9.2 Upon termination of this Agreement, the Parties shall not be relieved of any liabilities arising from or incident to Services rendered. The Parties shall not be liable to either Party for any cost or loss in connection with such termination, including but not limited to loss of anticipatory profits. Upon termination of this Agreement, Contractor shall immediately remove all of its and its subcontractors' equipment and materials from Owner's premises that are not necessary for the completion of or the provision of any Service then underway and, notwithstanding anything herein to the contrary, sixty (60) days after the receipt of Contractor of notice of the termination of this Agreement by Owner, Owner shall bear no responsibility for the equipment or materials of Contractor that remain on Owner's premises but which are not necessary for the completion or the provision of any Service then underway.

9.3 If either party (a) generally fails to pay, or admits in writing its inability to pay, its debts as they become due, (b) commences any insolvency proceeding with respect to itself, (c) take any action to effectuate or authorize either (a) or (b), (d) becomes the subject of any involuntary insolvency proceeding, or has any writ, judgment, warrant of attachment, execution or similar process issued or levied against all or a substantial part of its properties, and any such proceeding or petition is not dismissed, or such writ judgment, warrant of attachment, execution or similar process is not released, vacated or fully bonded within sixty (60) days after commencement, filing or levy (e), admits the material allegation of a petition against it in any insolvency proceeding, or an order for relief is issued against it in any insolvency proceeding, or (f) consents to the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefore), for itself or a substantial portion of its property or business, then the other party may, by giving written notice to such party, terminate this Agreement as of the date specified in such notice. A termination under this Section shall be deemed a termination for cause.

ARTICLE X NOTICES

Until changed by appropriate notice in writing, all notices, reports, and other correspondence required by or made necessary by the terms of this Agreement shall be deemed to have been duly given or served on the date on which personally delivered, or sent by electronic transmission via email or facsimile transmission, with receipt acknowledged, or three (3) Business Days after the same shall have been sent via certified United States Mail. For purposes of this Agreement, the term "*Business Days*" means a day other than a Saturday, Sunday or legal holiday for commercial banks under the laws of the State of Texas or the laws of the United States of America.

ARTICLE XI CONFIDENTIAL INFORMATION AND OWNERSHIP OF DOCUMENTS

11.1 Any and all information, in whatever form or format, described or defined by each party as confidential and made available to the other party for the performance of the Agreement shall be and remain the exclusive property of the disclosing party and shall be treated as confidential.

11.2 With respect to such confidential information both parties agree not to disclose or divulge such information to any third party except as may be necessary for the performance of this Agreement. Both parties shall take reasonable measures to protect and preserve the confidential nature of such information and shall be responsible for any breach hereof committed by its employees, it being understood that the confidentiality obligations of both parties are of a continuing nature and shall continue for one (1) year after the termination date of this agreement.

11.3 The foregoing restrictions shall not apply to any such confidential information that is:

- (a) Already known by the receiving party at the time of disclosure;
- (b) Publicly known or becomes publicly known through no fault of the receiving party;
- (c) Received from a third party that is free to disclose the information to the receiving party;
- (d) Communicated to a third party with the express prior written consent of the disclosing party; or
- (e) Lawfully required to be disclosed to a governmental agency or is otherwise required to be disclosed by law, provided that before making such disclosure the receiving Party shall give the disclosing Party reasonable opportunity to object or insure confidential treatment of the information.

11.4 Both parties acknowledge that the breach of this confidentiality obligation may cause the other party serious economic harm and that the remedies available to the injured party by law may be inadequate. Therefore, upon any breach hereof by either party, the non-breaching party shall be entitled to seek immediate injunctive relief and/or specific performance, in addition to any other appropriate forms of equitable or legal relief, including but not limited to, monetary damages and reasonable attorney's fees.

11.5 Both Owner and Contractor agree that all tracings, designs, drawings, field notes, requisitions, purchase orders, specifications, computer programs (data files and other software in whatever form), and other documents or records developed by such party in connection with this Agreement or otherwise shall be the sole property of such party.

**ARTICLE XH
AMENDMENTS TO THE AGREEMENT
AND GOVERNING LAWS**

THIS AGREEMENT SHALL NOT BE VARIED EXCEPT WITH THE WRITTEN CONSENT OF THE PARTIES. IN THE EVENT ONE OR MORE OF THE PROVISIONS IS HELD INVALID BY ANY COURT OF COMPETENT JURISDICTION, THE SAME SHALL IN NO MANNER AFFECT THE VALIDITY OF ANY OF THE OTHER PROVISIONS. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

**ARTICLE XIII
INDEMNIFICATION**

13.1 CONTRACTOR SHALL GENERALLY HAVE THE PROTECTIONS, BENEFITS, AND INDEMNIFICATIONS OF OWNER UNDER THE TERMS OF THE A.A.P.L. FORM 610 - 1989 MODEL FORM OPERATING AGREEMENT ("JOA") JUST AS IF CONTRACTOR WERE THE DESIGNATED OPERATOR UNDER THE JOA, AND TO THE FULLEST EXTENT POSSIBLE, OWNER HEREBY ASSIGNS AND TRANSFERS ALL OF SUCH PROTECTIONS, BENEFITS AND INDEMNIFICATIONS TO CONTRACTOR DURING THE TERM OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT SUCH ASSIGNMENT SHALL NOT ENTITLE CONTRACTOR (A) TO CLAIM OR ASSERT ANY LIENS OR SECURITY INTERESTS THAT WOULD BE GRANTED TO THE OPERATOR UNDER THE JOA, OR (B) TO SETTLE ANY CLAIMS OR LAWSUITS PERTAINING TO THE CONTRACT AREA.

13.2 CONTRACTOR'S RELEASE OF OWNER:

CONTRACTOR RELEASES OWNER AND OWNER'S PARENT, SUBSIDIARIES, OFFICERS, DIRECTORS, AND EMPLOYEES ("OWNER PARTIES") OF AND FROM ANY LIABILITY AS TO ALL CLAIMS, PENALTIES, DEMANDS, AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER, WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF OR THE NEGLIGENCE (EXCLUDING GROSS NEGLIGENCE AND WILLFUL MISCONDUCT) OF ANY OF THE OWNER PARTIES, ON ACCOUNT OF BODILY INJURY, DEATH AND/OR DAMAGE TO OR LOSS OF PROPERTY OF ANY KIND. CONTRACTOR'S OBLIGATIONS UNDER THIS SECTION SHALL BE PRIMARY AND WITHOUT REGARD TO AND WITHOUT ANY RIGHT TO CONTRIBUTION FROM ANY INSURANCE MAINTAINED OR MADE AVAILABLE TO OWNER. CONTRACTOR AND OWNER HEREBY AGREE THAT CONTRACTOR WILL BE COVERED BY AVAILABLE LIABILITY INSURANCE, UNDER WHICH THE INSURER HAS NO RIGHT OF SUBROGATION AGAINST OWNER OR CONTRACTOR. IT IS AGREED THAT SAID INSURANCE REQUIREMENTS SHALL AUTOMATICALLY BE AMENDED TO CONFORM TO THE MAXIMUM MONETARY LIMITS PERMITTED UNDER APPLICABLE LAW.

13.3 OWNER'S RELEASE OF CONTRACTOR:

OWNER RELEASES CONTRACTOR AND CONTRACTOR'S PARENT, SUBSIDIARIES, OFFICERS, DIRECTORS, AND EMPLOYEES ("CONTRACTOR PARTIES") OF AND FROM ANY LIABILITY AS TO ALL CLAIMS, PENALTIES, DEMANDS, AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF OR THE NEGLIGENCE (EXCLUDING GROSS NEGLIGENCE AND WILLFUL MISCONDUCT) OF ANY OF THE CONTRACTOR PARTIES, ON ACCOUNT OF BODILY INJURY, DEATH AND/OR DAMAGE TO OR LOSS OF PROPERTY OF ANY KIND. OWNER'S OBLIGATIONS UNDER THIS SECTION SHALL BE COVERED BY AVAILABLE LIABILITY INSURANCE, UNDER WHICH THE INSURER HAS NO RIGHT OF SUBROGATION AGAINST OWNER OR CONTRACTOR. IT IS AGREED THAT SAID INSURANCE REQUIREMENTS SHALL AUTOMATICALLY BE AMENDED TO CONFORM TO THE MAXIMUM MONETARY LIMITS PERMITTED UNDER APPLICABLE LAW.

13.4 THIRD PARTY CLAIMS:

For losses, claims, demands, liabilities, or causes of action brought by or on behalf of anyone other than those claimants listed in Sections 13.2 and 13.3 above, the Parties' respective indemnity obligations shall be as set forth in this Section 13.4.

(1) Contractor's Negligence: CONTRACTOR AGREES TO PROTECT, DEFEND (INCLUDING ALL COSTS, EXPENSES, AND REASONABLE ATTORNEYS' FEES), INDEMNIFY, RELEASE AND HOLD THE OWNER INDEMNIFIED PARTIES HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DEMANDS, LIABILITIES, OR CAUSES OF ACTION OF EVERY KIND AND CHARACTER, IN FAVOR OF ANY PERSON OR PARTY, FOR INJURY TO OR ILLNESS OR DEATH OF ANY PERSON, OTHER THAN AS PROVIDED IN SECTIONS 13.2 AND 13.3 ABOVE, OR DAMAGE TO OR LOSS OF PROPERTY OF ANY SUCH PERSON, AND WHICH SUCH INJURY, ILLNESS, DEATH OR PROPERTY DAMAGE ARISES OUT OF OR IS INCIDENT TO ANY WORK OR SERVICE TO BE PERFORMED UNDER THIS AGREEMENT TO THE EXTENT, AND IN THE PROPORTION THAT, SUCH INJURY, ILLNESS, DEATH OR PROPERTY DAMAGE IS CAUSED OTHER THAN BY THE NEGLIGENCE OF OWNER, ITS EMPLOYEES, AGENTS OR OTHER CONTRACTORS THAT ARE DIRECTLY RESPONSIBLE TO OWNER.

(2) Owner's Negligence: OWNER AGREES TO PROTECT, DEFEND (INCLUDING ALL COSTS, EXPENSES, AND ATTORNEYS' FEES), INDEMNIFY, RELEASE AND HOLD THE CONTRACTOR INDEMNIFIED PARTIES HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DEMANDS, LIABILITIES, OR CAUSES OF ACTION OF EVERY KIND AND CHARACTER, IN FAVOR OF ANY PERSON OR PARTY, FOR INJURY TO OR ILLNESS OR DEATH OF ANY PERSON, OTHER THAN AS PROVIDED IN SECTIONS 13.2 AND 13.3 ABOVE, OR DAMAGE TO OR LOSS OF PROPERTY OF ANY SUCH PERSON, AND WHICH SUCH INJURY, ILLNESS, DEATH OR PROPERTY DAMAGE ARISES OUT OF OR IS

INCIDENT TO ANY WORK OR SERVICE TO BE PERFORMED UNDER THIS AGREEMENT, TO THE EXTENT, AND ONLY TO THE EXTENT, AND ONLY IN THE PROPORTION THAT, SUCH INJURY, ILLNESS, DEATH OR PROPERTY DAMAGE IS CAUSED BY THE NEGLIGENCE OF OWNER, ITS EMPLOYEES, AGENTS OR OTHER CONTRACTORS THAT ARE DIRECTLY RESPONSIBLE TO OWNER.

13.5 IT IS THE INTENT OF THE PARTIES HERETO THAT ALL OBLIGATIONS, LIABILITIES, AND RISKS ALLOCATED OR ASSUMED BY THE PARTIES UNDER TERMS OF THIS CONTRACT, INCLUDING, WITHOUT LIMITATION, SECTIONS 13.2 THROUGH 13.4, BE WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF, INCLUDING PREEXISTING CONDITIONS, STRICT LIABILITY, VIOLATIONS OF ANY STATE, OR FEDERAL LAW, BREACH OF CONTRACT, BREACH OF WARRANTY, TRESPASS, CONVERSION, NUISANCE, TORT, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, ACTIVE OR PASSIVE. THE RELEASES AND ASSUMPTIONS OF LIABILITY AND ALLOCATIONS OF RISKS EXTENDED BY THE PARTIES HERETO UNDER SECTIONS 13.2 THROUGH 13.4 SHALL INURE TO THE BENEFIT OF THE PARTIES, THEIR PARENT, HOLDING AND SUBSIDIARIES, AFFILIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND SERVANTS. THE TERMS AND PROVISIONS OF SECTIONS 13.2 THROUGH 13.4 SHALL HAVE NO APPLICATION TO CLAIMS OR CAUSES OF ACTION ASSERTED AGAINST OWNER OR CONTRACTOR BY REASON OF ANY AGREEMENT OF INDEMNITY WITH A PERSON OR ENTITY NOT A PARTY HERETO.

13.6 IT IS EXPRESSLY AGREED THAT OWNER SHALL NOT BE LIABLE TO THE CONTRACTOR PARTIES FOR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM OR ARISING DIRECTLY OR INDIRECTLY, OUT OR OF IN CONNECTION WITH THE SERVICES OR OPERATIONS HEREUNDER RELATED TO RESERVOIR DAMAGE, LOSS OF RESERVES, OR CRATERING OR BLOWOUT OF THE BOREHOLE, INCLUDING, WITHOUT LIMITATION, LOSS OF USE, LOSS OF DATA, LOSS OF ASSETS, LOSS OF PROFIT, LOSS OF BUSINESS, OR BUSINESS INTERRUPTION UNLESS CAUSED BY THE SOLE NEGLIGENCE (ACTIVE OR PASSIVE) OF OWNER OR ANY OF THE OWNER PARTIES.

13.7 IT IS EXPRESSLY AGREED THAT CONTRACTOR SHALL NOT BE LIABLE TO THE OWNER PARTIES FOR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM OR ARISING DIRECTLY OR INDIRECTLY, OUT OR OF IN CONNECTION WITH THE SERVICES OR OPERATIONS HEREUNDER RELATED TO RESERVOIR DAMAGE, LOSS OF RESERVES, OR CRATERING OR BLOWOUT OF THE BOREHOLE, INCLUDING, WITHOUT LIMITATION, LOSS OF USE, LOSS OF DATA, LOSS OF ASSETS, LOSS OF PROFIT, LOSS OF BUSINESS, OR BUSINESS INTERRUPTION UNLESS CAUSED BY THE SOLE NEGLIGENCE (ACTIVE OR PASSIVE) OF CONTRACTOR OR ANY OF THE CONTRACTOR PARTIES.

13.8 As a part of the consideration for this Agreement, Contractor hereby agrees that the provisions of the foregoing Sections 13.2 through 13.7 inclusive shall extend to and be enforceable by and for the benefit of any non-operating concurrent working interest Owner, joint ventures or partners for whom Owner may be performing operations or services.

MISCELLANEOUS

14.1 This Agreement, drawn in counterpart, shall be binding upon the Parties and their respective successors, and assigns. Notwithstanding the foregoing, this Agreement and the duties and obligations hereunder are not assignable by Contractor without the written consent of Owner.

14.2 In any dispute arising among the Parties to this Agreement, the prevailing party shall be entitled to collect all costs, including attorneys' fees.

14.3 The captions of any articles herein are intended for convenient references only and same shall not be, nor be deemed to be, interpretive of the contents of such sections.

14.4 Harris County, Texas shall be the exclusive venue and jurisdiction for any litigation between the Parties.

14.5 If any provision or part of any provision of this Agreement shall be held invalid, the remainder shall be deemed valid and effective, and the Parties shall endeavor to replace the invalid terms with terms which correspond best to the original economic and general intention of the Parties, it being the intention of the Parties hereto that each provision hereof is being stipulated separately.

14.6 EACH PARTY HERETO KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY (a) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS AGREEMENT, OR DIRECTLY OR INDIRECTLY AT ANY TIME ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED OR ASSOCIATED THEREWITH, BEFORE OR AFTER TERMINATION; (b) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY "SPECIAL DAMAGES," AS DEFINED BELOW; (c) CERTIFIES THAT NEITHER IT NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSELORS HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT THE CERTIFYING PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS; AND (d) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION. AS USED IN THIS SECTION, "**SPECIAL DAMAGES**" INCLUDES ALL SPECIAL, CONSEQUENTIAL, INDIRECT, EXEMPLARY, OR PUNITIVE DAMAGES

(REGARDLESS OF HOW NAMED), BUT DOES NOT INCLUDE ANY PAYMENTS OR FUNDS WHICH ANY PARTY HAS EXPRESSLY PROMISED TO PAY OR DELIVER TO ANY OTHER PARTY.

14.7 This instrument embodies the whole agreement of the Parties. There are no promises, terms, conditions, or obligations other than those contained herein. Should Contractor provide or render any Service, then in the event of a conflict between the terms of performance for such Services or Service, whether made orally or in writing, and the terms of this Agreement, the terms of this Agreement shall prevail except for any activity-specific instructions or directions. In the event of a conflict between the provisions hereof and the provisions of any printed or other pre-prepared form of work or service order, job, or delivery ticket, or other similar form, submitted to Contractor by Owner in connection with any Services performed hereunder, the provisions of this Agreement shall prevail and be controlling.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the day and year first above written.

TRATON OPERATING COMPANY

By: Patrick W. Merritt
 Printed Name: Patrick W. Merritt
 Title: President

PAYSON OPERATING, LLC,

By: Jim R. S.
 Name: Tranter
 Title:

EXHIBIT 6 TO SETTLEMENT AGREEMENT

SETTLEMENT APPROVAL ORDER

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC,	§	JOINTLY ADMINISTERED
	§	
DEBTORS.	§	Case No. 16-41044
	§	
	§	Chapter 11

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC (“Debtors”) in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment executed by 3 Well LP and the Subject Wells Assignment executed by 2014 LP, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 3 Well LP Subject Claims Assignment and Participation Agreement attached

as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

6. The 2014 LP Subject Claims Assignment and Participation Agreement attached as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

7. This Order is binding upon the Parties and all other parties in interest in accordance with the terms of the Settlement Agreement.

8. A general unsecured claim of 3 Well LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 27.7891% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

9. A general unsecured claim of 2014 LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 72.21084% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

10. The releases provided for in the Settlement Agreement are hereby approved. Upon consummation of the Settlement Agreement all claims by 3 Well LP against Payson Petroleum, Payson Operating or Maricopa except for the 2014 LP and 3 Well LP Retained Claims (as defined in the Settlement Agreement) are released. Upon consummation of the Settlement Agreement all claims of Payson Petroleum, Payson Operating and Maricopa, except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims (as defined in the Settlement Agreement) are

released.

11. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the following: (i) the 3 Well LP Avoidance Action Claims Net Recovery and the 3 Well LP Partnership Related Claims Net Recovery (as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement), and (ii) the 2014 LP Avoidance Action Claims Net Recovery and the 2014 LP Partnership Related Claims Net Recovery (as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement).

12. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the (i) 3 Well LP Avoidance Action Claims, (ii) 3 Well LP Partnership Related Claims, (iii) 2014 LP Avoidance Action Claims, and (iv) 2014 LP Partnership Related Claims, without further order of this Court.

13. Payson Petroleum is hereby appointed (i) the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement, and (ii) the representative of the 2014 LP bankruptcy estate for purposes of prosecuting the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement.

14. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 3 Well LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, or Payson/3 Well LP Partnership Related Claims as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 3 Well LP Subject Claims Assignment and

Participation Agreement or this Order.

15. Pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum has the exclusive authority to file suit, prosecute and settle the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or take any action with respect to the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims or the Payson/3 Well LP Partnership Related Claims that in its judgment would not be cost justified.

16. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 2014 LP Avoidance Action Claims, 2014 LP Partnership Related Claims, or Payson/2014 LP Partnership Related Claims as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement by virtue of either parties entry into the 2014 LP Subject Claims Assignment and Participation Agreement or this Order.

17. Pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or take any action with respect to the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims or the Payson/2014 LP Partnership Related Claims that in its judgment would not be cost justified.

18. The Debtors and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance

with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

19. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

SUBMITTED BY:

/s/
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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, LP,	§	Case No. 17-40179
	§	Chapter 7
DEBTOR.	§	

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. (“Debtor”) in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 3 Well LP Subject Claims Assignment and Participation Agreement attached

3 Well LP Partnership Related Claims pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 3 Well LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, or Payson/3 Well LP Partnership Related Claims as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 3 Well LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 3 Well LP Partnership Related Claims or the 3 Well LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

SUBMITTED BY:

/s/

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PAYSON PETROLEUM 3 WELL 2014, L.P.**

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:

**PAYSON PETROLEUM 3 WELL 2014, LP,

DEBTOR.**

§
§
§
§
§

**Case No. 17-40180
Chapter 7**

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. ____]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. (“Debtor”) in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 2014 LP Subject Claims Assignment and Participation Agreement attached as

an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

6. This Order is binding upon the Parties and all other parties in interest in accordance with the terms of the Settlement Agreement.

7. A general unsecured claim of Payson Petroleum against 2014 LP is hereby allowed in the amount of Two Million Six Hundred Seventy-One Thousand Nine Hundred and 50/100 U.S. Dollars (\$2,671,900.50).

8. The releases provided for in the Settlement Agreement are hereby approved. Upon consummation of the Settlement Agreement all claims by 3 Well LP against Payson Petroleum, Payson Operating or Maricopa except for the 2014 LP and 3 Well LP Retained Claims (as defined in the Settlement Agreement) are released. Upon consummation of the Settlement Agreement all claims of Payson Petroleum, Payson Operating and Maricopa, except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims (as defined in the Settlement Agreement) are released.

9. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the 2014 LP Avoidance Action Claims Net Recovery and the 2014 LP Partnership Related Claims Net Recovery as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement.

10. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims without further order of this Court. Payson Petroleum is hereby appointed the representative of the 2014 LP bankruptcy estate for purposes of prosecuting the 2014 LP Avoidance Action Claims and the 2014

LP Partnership Related Claims pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 2014 LP Avoidance Action Claims, 2014 LP Partnership Related Claims, or Payson/2014 LP Partnership Related Claims as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 2014 LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 2014 LP Partnership Related Claims or the 2014 LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

SUBMITTED BY:

/s/

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PAYSON PETROLEUM 3 WELL 2014, L.P.**

EXHIBIT 7 TO SETTLEMENT AGREEMENT

SETTLEMENT MOTIONS

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC,	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

**JOINT MOTION TO APPROVE COMPROMISE AND SETTLEMENT
PURSUANT TO BANKRUPTCY RULE 9019**

NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AND SERVED UPON THE PARTY FILING THIS PLEADING WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH OBJECTION. IF NO OBJECTION IS TIMELY SERVED AND FILED, THIS PLEADING SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF AN OBJECTION IS FILED AND SERVED IN A TIMELY MANNER, THE COURT WILL THEREAFTER SET A HEARING. IF YOU FAIL TO APPEAR AT THE HEARING, YOUR OBJECTION MAY BE STRICKEN. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

TO THE HONORABLE BRENDA RHOADES, U. S. BANKRUPTCY JUDGE:

COME NOW Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 (the “Payson Trustee”) and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 (the “LP Trustee”) to file their *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* (the “Joint Motion to

Compromise”), and in support thereof, respectfully show unto the Court the following:

I.
PROCEDURAL STATUS

1. Payson Debtor Bankruptcy Filings. On June 10, 2016, Payson Petroleum, Inc. (“Payson Petroleum”), Payson Operating, LLC (“Payson Operating”), and Maricopa Resources, LLC (“Maricopa”) filed voluntary petitions under Chapter 7 of the United States Bankruptcy Code (the “Bankruptcy Code”) in this Bankruptcy Court.¹ See Docket No. 1 in Bankruptcy Case Nos. 16-41043, 16-40144, and 16-40145. On July 12, 2016, the Bankruptcy Court entered orders converting the Payson Debtors’ bankruptcy cases to cases under Chapter 11 of the Bankruptcy Code. See Docket No. 39 in Case No. 16-41043, Docket No. 33 in Case No. 16-40144, and Docket No. 41 in Case No. 16-40145. On July 18, 2016, the Bankruptcy Court entered orders approving the United States Trustee’s applications to appoint the Payson Trustee as the Chapter 11 Trustee in the Payson Debtors’ bankruptcy cases. See Docket No. 55 in Case No. 16-41043, Docket No. 50 in Case No. 16-40144, and Docket No. 57 in Case No. 16-41045. On August 11, 2016, the Bankruptcy Court ordered the joint administration of the Payson Debtors’ bankruptcy cases under Case No. 16-41044. See Docket No. 75 in Case No. 16-41043, Docket No. 73 in Case No. 16-41044, and Docket No. 81 in Case No. 16-41045.

2. Adversary Proceeding. On November 1, 2016, the Payson Trustee filed his *Complaint to Avoid and Recover Transfers Pursuant to 11 U.S.C. §§ 548, 547, and 550* in Adversary Proceeding No. 16-04106 (the “Adversary Proceeding”) against Payson Petroleum 3 Well, LP (“3 Well LP”) and Payson Petroleum 3 Well 2014, L.P. (“2014 LP”).

3. LP Debtor Bankruptcy Filings. On January 31, 2017, 3 Well LP and 2014 LP (collectively, the “LP Debtors”) filed voluntary petitions under Chapter 7 of the Bankruptcy Code.

¹ Collectively, Payson Petroleum, Payson Operating, and Maricopa are the “Payson Debtors.”

See Docket No. 1 in Case No. 17-40179 *and* Docket No. 1 in Case No. 17-40180. LP Trustee was appointed as Chapter 7 Trustee for the LP Debtors.

4. Stay Issues. On February 21, 2017, LP Trustee filed his *Certificate of Notice of Bankruptcy Filing and Stay* in the Adversary Proceeding. See Docket No. 24 in Adversary Proceeding. On June 21, 2017, the Bankruptcy Court entered its *Agreed Order Granting Motion to Lift Stay* in LP Debtor's bankruptcy cases which, *inter alia*, provides that the parties are "granted relief from the automatic stay ... to continue with and fully litigate claims that are or could be pled" in the Adversary Proceeding. Docket No. 26 in Case No. 17-40180 *and* Docket No. 29 in Case No. 17-40179.

5. Amended Complaint. On July 13, 2017, Payson Trustee filed his *First Amended Complaint* in the Adversary Proceeding. See Docket No. 25 in Adversary Proceeding.

6. Jurisdiction & Venue. This Court has jurisdiction over the subject matter of this Joint Motion to Compromise pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

II.

FACTUAL BACKGROUND

7. Nature of Payson Debtors' Businesses. Matthew C. Griffin ("Griffin") formed Payson Petroleum in 2008 to, *inter alia*, (i) promote the sale of interests in limited partnerships and (ii) operate oil and gas wells for such limited partnerships. Griffin formed Payson Operating in 2010 to act as a contract operator for Payson Petroleum. Griffin formed Maricopa in 2012 to, *inter alia*, engage in the acquisition and sale of Grayson County, Texas oil and gas leases.

8. Nature of 3 Well LP's and 2014 LP's Businesses. Payson Petroleum Grayson, LLC formed 3 Well LP in 2013 and 2014 LP in 2014 to, *inter alia*, drill, complete, and own interests in the Subject Wells.

9. Turnkey Agreements. On or about October 13, 2013, Payson Petroleum and 3 Well LP entered into a Subscription Turn Key Agreement under which 3 Well LP agreed to pay Payson Petroleum certain amounts for the drilling and completion of the Subject Wells (the “3 Well LP Turnkey Agreement”). On or about January 12, 2014, Payson Petroleum and 2014 LP entered into a Subscription Turn Key Agreement under which 2014 LP agreed to pay Payson Petroleum certain amounts for the drilling and completion of the Subject Wells (the “2014 LP Turnkey Agreement” and collectively with the 3 Well LP Turnkey Agreement the “Turnkey Agreements”). In the Adversary Proceeding, Payson Petroleum asserts claims for breach of the Turnkey Agreements against 3 Well LP in the amount of \$17,115,777 and 2014 LP in the amount of \$5,343,803 (the “Breach of Turnkey Agreement Claims”).

10. Working Interest Assignments. On or about Marcy 28, 2016, Maricopa assigned certain interests in the William #1H (API # 181-31557), Crowe #2 (API #181-31543), and Elaine #1 (API #181-31547) (collectively the “Subject Wells”) to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066. The working interests assigned are set forth below:

Subject Well	Assignee	Working Interest Assigned
Williams #1H Well	2014 LP	72.210840%
Williams #1H Well	3 Well LP	27.789160%
Crowe #2 Well	2014 LP	72.210840%
Crowe #2 Well	3 Well LP	27.789160%
Elaine #1 Well	2014 LP	72.210840%
Elaine #1 Well	3 Well LP	27.789160%

(collectively the “Working Interest Assignments”). In the Adversary Proceeding, Maricopa asserts claims under 11 U.S.C. §§ 547, 548, and 550 and Chapter 24 of the Texas Business and Commerce

Code against 3 Well LP and 2014 LP for avoidance of the Working Interest Assignments and recovery of the interests transferred or their value. Post-bankruptcy petition production revenue attributable to the Working Interest Assignments has been held by Traton Operating Company (“Traton”), the Payson Trustee’s approved contract operating company.

11. Additional Avoidable Transfers. In addition to the Working Interest Assignments, Payson Petroleum transferred \$1,274,310 to 3 Well LP and \$2,862,000 to 2014 LP between January and February 2014 in exchange for interests in those limited partnerships that Payson Petroleum knew or should have known were worth far less than the amounts transferred (the “Investment Transfers”). In the Adversary Proceeding, the Payson Trustee asserts claims under 11 U.S.C. § 544 and 550 and Chapter 24 of the Texas Business and Commerce Code to avoid and recover the Investment Transfers from 3 Well LP and 2014 LP (the “Investment Transfer Claims”).

III. **PROPOSED SETTLEMENT**

12. The Payson Trustee, Payson Debtors, LP Trustee, and LP Debtors have reached a settlement of issues asserted in the Adversary Proceeding and other claims that have our could have been asserted between the parties. Attached hereto as Exhibit A is a copy of the Settlement Agreement.²

13. Agreed Final Judgment. As explained in the Settlement Agreement, the parties will resolve the Adversary Proceeding by filing a Joint Motion for Entry of Agreed Final Judgment and will use their best efforts to have the Agreed Final Judgment entered by the Bankruptcy Court. The Agreed Final Judgment will, *inter alia*, provide that the Wellbore Interest Assignments are

² To the extent of any inconsistency between the Settlement Agreement and the summary of that agreement set forth in this Joint Motion to Compromise, the terms of the Settlement Agreement control. This outline is not intended to repeat all terms of the Settlement Agreement and persons reading this Joint Motion to Compromise are encouraged to read the Settlement Agreement. Capitalized Terms used but not otherwise defined herein have the meaning ascribed to them in the Joint Motion to Compromise or the Settlement Agreement as applicable.

avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B) and grant judgment in favor of Payson Petroleum on its Breach of Turnkey Agreement Claims against 3 Well LP in the amount of \$8,557,888.50 and 2014 LP in the amount of \$2,671,900.50. *See* Exhibit 3 to Settlement Agreement.

14. Conveyance of Interests in Subject Wells. 3 Well LP and 2014 LP will reassign the avoided interests in the Subject Wells to Maricopa, which will continue to be operated by Traton until Maricopa sells those interests under 11 U.S.C. § 363. As explained in further detail in the Settlement Agreement, the net proceeds obtained from the operation and sale of the Subject Wells (defined in the Settlement Agreement as the Subject Wells Net Proceeds) will be distributed as follows: (i) 55% to Maricopa, (ii) 32.4945% to 2014 LP, and (iii) 12.5055% to 3 Well LP. Maricopa will retain a \$50,000 Operating Reserve to satisfy costs related to operation of the Subject Wells.

15. Allowed Claims. The Settlement Agreement also provides that the parties will agree to the following allowed unsecured claims:

- Payson Petroleum shall hold (i) an allowed unsecured claim in the 3 Well LP bankruptcy case in the amount of \$8,557,888.50 and (ii) an allowed unsecured claim in the 2014 LP bankruptcy case in the amount of \$2,671,900.50;
- 3 Well LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement; and
- 2014 LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement.

16. Prosecution of and Participation in Avoidance Action Claims. The Settlement Agreement further provides that the parties will enter into (i) the 3 Well LP Subject Claims Assignment and Participation Agreement and (ii) the 2014 LP Subject Claims Assignment and

Participation Agreement (collectively the “Claims Assignment and Participation Agreements”).

Pursuant to the Claims Assignment and Participation Agreements:

- 3 Well LP will assign a fifty percent (50%) interest in net recoveries from litigation of 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims, as defined in the 3 Well LP Subject Claims Assignment and Participation Agreement, with 3 Well LP retaining the remaining fifty percent (50%) interest; and
- 2014 LP will assign a fifty percent (50%) interest in net recoveries from litigation of 2014 LP Avoidance Action Claims and 2014 Partnership Related Claims, as defined in the 2014 LP Subject Claims Assignment and Participation Agreement, with 2014 LP retaining the remaining fifty percent (50%) interest.

Payson Petroleum shall be granted standing to prosecute 3 Well LP and 2014 LP Avoidance Action Claims and Partnership Related Claims in the 3 Well LP and 2014 LP bankruptcy cases, and 3 Well LP and 2014 LP shall enter into engagement agreements with special litigation counsel for the Payson Trustee to prosecute such claims for the benefit of the Payson Petroleum, 3 Well LP, and 2014 LP bankruptcy estates.

17. Releases. Except for claims expressly reserved in the Settlement Agreement, all claims or causes action between the parties will be released.

IV. RATIONALE

18. Benefit to Maricopa Estate. The Maricopa bankruptcy estate receives the following benefits from the settlement:

- the interests assigned to 3 Well LP and 2014 LP via the Working Interest Assignments will be reassigned to Maricopa, and Maricopa will 55% of the Subject Wells Net Proceeds, plus a \$50,000 Operating Reserve to satisfy costs associated with operation of the Subject Wells; and
- except for claims expressly preserved under the Settlement Agreement, Maricopa’s bankruptcy estate is released from claims which have been or could have been asserted against Maricopa by 3 Well LP and/or 2014 LP.

19. Benefit to Payson Petroleum Estate. The Payson Petroleum bankruptcy estate receives the following benefits from the settlement:

- an allowed general unsecured claim in the 3 Well LP bankruptcy case in the amount of Eight Million Five Hundred Fifty-Seven Thousand Eight Hundred Eighty-Eight and 50/100 U.S. Dollars (\$8,557,888.50) on account of Payson Petroleum's Breach of Turnkey Agreement claim against 3 Well LP;
- an allowed general unsecured claim in the 2014 LP bankruptcy case in the amount of Two Million Six Hundred Seventy-One Thousand Nine Hundred and 50/100 U.S. Dollars (\$2,671,900.50) on account of Payson Petroleum's Breach of Turnkey Agreement claim against 2014 LP;
- Payson Petroleum is (i) granted standing and authority to enforce and prosecute 3 Well LP Avoidance Action Claims, 2014 LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, and 2014 LP Partnership Related Claims (the "Subject Claims") and (ii) will hold a fifty percent (50%) participation interest in net recoveries from the Subject Claims as further described in the Settlement Agreement, 3 Well LP Subject Claims Assignment and Participation Agreement and 2014 LP Subject Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, Payson Petroleum's bankruptcy estate is released from claims which have been or could have been asserted against Payson Petroleum by 3 Well LP and/or 2014 LP.

20. Benefit to Payson Operating Estate. Except for claims expressly preserved under the Settlement Agreement, Payson Operating's bankruptcy estate is released from claims which have been or could have been asserted against Payson Operating by 3 Well LP and/or 2014 LP.

21. Benefit to 3 Well LP Estate. The 3 Well LP bankruptcy estate receives the following benefits from the settlement:

- 3 Well LP will obtain 12.5055% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;

- 3 Well LP will retain a fifty percent (50%) interest in all 3 Well LP Avoidance Action Claims Net Recovery and 3 Well LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and 3 Well LP Subject Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, 3 Well LP's bankruptcy estate is released from claims which have been or could have been asserted against 3 Well LP by Payson Petroleum, Payson Operating, and/or Maricopa.

22. Benefit to 2014 LP Estate. The 2014 LP bankruptcy estate receives the following benefits from the settlement:

- 2014 LP will obtain 32.4945% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;
- 2014 LP will retain a fifty percent (50%) interest in all 2014 LP Avoidance Action Claims Net Recovery and 2014 LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and 3 Well LP Subject Claims Assignment and Participation Agreement; *and*
- except for claims expressly preserved under the Settlement Agreement, 2014 LP's bankruptcy estate is released from claims which have been or could have been asserted against 2014 LP by Payson Petroleum, Payson Operating, and/or Maricopa.

V. RELIEF REQUESTED

23. The Payson Trustee and LP Trustee respectfully request that the Court approve the proposed Settlement Agreement attached hereto as Exhibit A and grant them such other and further relief to which they may be entitled.

VI. **BASIS FOR RELIEF**

24. Bankruptcy Courts are “empowered to approve a compromise settlement of a debtor’s claim under Bankruptcy Rule 9019(a).” *Official Comm. of Unsecured Creditors v. Cajun Electric Power Coop., Inc. (In re Cajun Elec. Power Coop., Inc.)*, 119 F.3d 349, 355 (5th Cir. 1997). “Approval should only be given if the settlement is fair and equitable and in the best interest of the estate.” *Id.* (internal quotes & cite omitted). “In deciding whether a settlement of litigation is fair and equitable, a judge in bankruptcy must make a well-informed decision, ‘comparing the terms of the compromise with the likely rewards of litigation.’” *Id.* at 356 (quoting *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980)). Courts consider the following factors in determining whether a settlement is fair and equitable “(1) [t]he probability of success in the litigation, with due consideration for the uncertainty in fact and law, (2) [t]he complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (3) all other factors bearing on the wisdom of the compromise.” *Id.*

25. The factors support granting the Joint Motion to Compromise. First, the disputes are hotly contested and would require lengthy and likely expensive litigation to resolve, and the Settlement Agreement was reached after good-faith, contentious, and arms-length negotiations. The Payson Trustee and LP Trustee desire to avoid lengthy litigation between the respective bankruptcy estates so they can focus on enhancing the value of those estates for the benefit of creditors. Litigation would be expensive and involve, *inter alia*, complex factual issues regarding the value of the property transferred and solvency of the various bankruptcy estates. The Settlement Agreement, on the other hand, allows the Payson Trustee to distribute hydrocarbon proceeds currently held in suspense and initiate a sales process to monetize the Subject Wells for the benefit of creditors of Maricopa, 3 Well LP, and 2014 LP. Additionally, the Settlement

Agreement (i) reduces 3 Well LP and 2014 LP's liability for failing to pay Payson Petroleum amounts owed under the Turnkey Agreements by fifty percent (50%), (ii) provides an arrangement for coordinated prosecution of avoidance actions and sharing in the proceeds of the same, and (iii) eliminates the potential that the LP Trustee and Payson Trustee would pursue substantially similar claims against partners of 3 Well LP and 2014 LP in different proceedings and forums. In sum, the Payson Trustee and LP Trustee believe the Settlement Agreement is in the best interests of their respective bankruptcy estates and should be approved. *See* Affidavit of Jason R. Searcy, attached as **Exhibit B** and Affidavit of Christopher J. Moser, attached as **Exhibit C**.

26. A proposed agreed order is attached hereto as **Exhibit D**.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Jason R. Searcy, Chapter 11 Trustee for the bankruptcy estates of Payson Petroleum, Inc., Payson Operating, LLC, and Maricopa Resources, LLC and Christopher J. Moser, Chapter 7 Trustee for the bankruptcy estates of Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P. respectfully request that the Court approve the Agreement and grant them such other and further relief to which they may be justly entitled.

Respectfully submitted,

By: /s/

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**COUNSEL FOR JASON R. SEARCY,
CHAPTER 11 TRUSTEE FOR PAYSON
PETROLEUM, INC., PAYSON
OPERATING, LLC, AND MARICOPA
RESOURCES, LLC**

By: /s/

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**COUNSEL FOR CHRISTOPHER J.
MOSER, CHAPTER 7 TRUSTEE FOR
PAYSON PETROLEUM 3 WELL, L.P.
AND PAYSON PETROLEUM 3 WELL
2014, L.P.**

CERTIFICATE OF SERVICE

The undersigned certifies that on __, 2017, a true and correct copy of this document was served (i) via the Court's electronic case filing system upon the parties listed below or by email listed below, (ii) via the Court's electronic case filing system for Eastern District of Texas upon all parties requesting electronic notice of all filings and (iii) via regular First Class Mail, properly addressed and postage prepaid, upon all parties listed on the Master Service List attached hereto.

Debtors Payson Petroleum, Inc., Payson Operating,
LLC, and Maricopa Resources, LLC

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Debtors Payson Petroleum 3 Well ,
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2014, LP

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USTPRegion06.TY.ECF@USDOJ.GOV

/s/ _____
Blake Hamm

EXHIBIT A TO SETTLEMENT MOTION

SETTLEMENT AGREEMENT

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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, L.P.,	§	Case No. 17-40179
	§	Chapter 7
DEBTOR.	§	

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL 2014,	§	Case No. 17-40180
L.P.,	§	Chapter 7
	§	
DEBTOR.	§	

**AFFIDAVIT OF JASON R. SEARCY
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
 §
COUNTY OF GREGG §

BEFORE ME, the undersigned authority, on this day personally appeared Jason R. Searcy, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Jason R. Searcy. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas, the United States Fifth Circuit Court of Appeals and the United States Supreme Court. I am the Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 ("Payson Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 and based on my best belief and information, the

proposed settlement obtains for the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

Further, Affiant sayeth not.

Jason R. Searcy
Payson Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, L.P.,	§	Case No. 17-40179
	§	Chapter 7
DEBTOR.	§	

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL 2014,	§	Case No. 17-40180
L.P.,	§	Chapter 7
	§	
DEBTOR.	§	

**AFFIDAVIT OF CHRISTOPHER J. MOSER
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Christopher J. Moser, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Christopher J. Moser. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas and the United States Fifth Circuit of Appeals. I am the Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 ("LP Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 ("Motion") and based on my best belief and information, the proposed settlement obtains for

the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

It is my professional opinion that the settlement agreement reflected in the Motion is in the best interest of the estate and comports with the settlement standards of *Protective Comm. For Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. Reh'g denied, 391 U.S. 909 (1968) and of *River City vs. Herpel, (In re Jackson Brewing Co.)*, 624 F.2d 599, 602-603 (5th Cir. 1980). Accordingly, the settlement should be approved.

Further, Affiant sayeth not.

Christopher J. Moser
LP Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC (“Debtors”) in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment executed by 3 Well LP and the Subject Wells Assignment executed by 2014 LP, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 3 Well LP Subject Claims Assignment and Participation Agreement attached

as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

6. The 2014 LP Subject Claims Assignment and Participation Agreement attached as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

7. This Order is binding upon the Parties and all other parties in interest in accordance with the terms of the Settlement Agreement.

8. A general unsecured claim of 3 Well LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 27.7891% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

9. A general unsecured claim of 2014 LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 72.21084% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

10. The releases provided for in the Settlement Agreement are hereby approved. Upon consummation of the Settlement Agreement all claims by 3 Well LP against Payson Petroleum, Payson Operating or Maricopa except for the 2014 LP and 3 Well LP Retained Claims (as defined in the Settlement Agreement) are released. Upon consummation of the Settlement Agreement all claims of Payson Petroleum, Payson Operating and Maricopa, except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims (as defined in the Settlement Agreement) are

released.

11. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the following: (i) the 3 Well LP Avoidance Action Claims Net Recovery and the 3 Well LP Partnership Related Claims Net Recovery (as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement), and (ii) the 2014 LP Avoidance Action Claims Net Recovery and the 2014 LP Partnership Related Claims Net Recovery (as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement).

12. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the (i) 3 Well LP Avoidance Action Claims, (ii) 3 Well LP Partnership Related Claims, (iii) 2014 LP Avoidance Action Claims, and (iv) 2014 LP Partnership Related Claims, without further order of this Court.

13. Payson Petroleum is hereby appointed (i) the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement, and (ii) the representative of the 2014 LP bankruptcy estate for purposes of prosecuting the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement.

14. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 3 Well LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, or Payson/3 Well LP Partnership Related Claims as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 3 Well LP Subject Claims Assignment and

Participation Agreement or this Order.

15. Pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum has the exclusive authority to file suit, prosecute and settle the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or take any action with respect to the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims or the Payson/3 Well LP Partnership Related Claims that in its judgment would not be cost justified.

16. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 2014 LP Avoidance Action Claims, 2014 LP Partnership Related Claims, or Payson/2014 LP Partnership Related Claims as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement by virtue of either parties entry into the 2014 LP Subject Claims Assignment and Participation Agreement or this Order.

17. Pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or take any action with respect to the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims or the Payson/2014 LP Partnership Related Claims that in its judgment would not be cost justified.

18. The Debtors and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance

with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

19. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

SUBMITTED BY:

/s/_____
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State Bar No. 18812600
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State Bar No. 24069869
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**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

AGREED TO IN FORM AND SUBSTANCE BY:

/s/_____
Phil Snow
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Blake Hamm
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**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, L.P.,	§	Case No. 17-40179
	§	
DEBTOR.	§	Chapter 7

**JOINT MOTION TO APPROVE COMPROMISE AND SETTLEMENT PURSUANT
TO BANKRUPTCY RULE 9019**

NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AND SERVED UPON THE PARTY FILING THIS PLEADING WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH OBJECTION. IF NO OBJECTION IS TIMELY SERVED AND FILED, THIS PLEADING SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF AN OBJECTION IS FILED AND SERVED IN A TIMELY MANNER, THE COURT WILL THEREAFTER SET A HEARING. IF YOU FAIL TO APPEAR AT THE HEARING, YOUR OBJECTION MAY BE STRICKEN. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

TO THE HONORABLE BRENDA RHOADES, U. S. BANKRUPTCY JUDGE:

COME NOW Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 (the “Payson Trustee”) and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 (the “LP Trustee”) to file their *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* (the “Joint Motion to Compromise”), and in support thereof, respectfully show unto the Court the following:

I. PROCEDURAL STATUS

1. Payson Debtor Bankruptcy Filings. On June 10, 2016, Payson Petroleum, Inc. (“Payson Petroleum”), Payson Operating, LLC (“Payson Operating”), and Maricopa Resources, LLC (“Maricopa”) filed voluntary petitions under Chapter 7 of the United States Bankruptcy Code (the “Bankruptcy Code”) in this Bankruptcy Court.¹ See Docket No. 1 in Bankruptcy Case Nos. 16-41043, 16-40144, and 16-40145. On July 12, 2016, the Bankruptcy Court entered orders converting the Payson Debtors’ bankruptcy cases to cases under Chapter 11 of the Bankruptcy Code. See Docket No. 39 in Case No. 16-41043, Docket No. 33 in Case No. 16-40144, and Docket No. 41 in Case No. 16-40145. On July 18, 2016, the Bankruptcy Court entered orders approving the United States Trustee’s applications to appoint the Payson Trustee as the Chapter 11 Trustee in the Payson Debtors’ bankruptcy cases. See Docket No. 55 in Case No. 16-41043, Docket No. 50 in Case No. 16-40144, and Docket No. 57 in Case No. 16-41045. On August 11, 2016, the Bankruptcy Court ordered the joint administration of the Payson Debtors’ bankruptcy cases under Case No. 16-41044. See Docket No. 75 in Case No. 16-41043, Docket No. 73 in Case No. 16-41044, and Docket No. 81 in Case No. 16-41045.

2. Adversary Proceeding. On November 1, 2016, the Payson Trustee filed his *Complaint to Avoid and Recover Transfers Pursuant to 11 U.S.C. §§ 548, 547, and 550* in Adversary Proceeding No. 16-04106 (the “Adversary Proceeding”) against Payson Petroleum 3 Well, LP (“3 Well LP”) and Payson Petroleum 3 Well 2014, L.P. (“2014 LP”).

3. LP Debtor Bankruptcy Filings. On January 31, 2017, 3 Well LP and 2014 LP (collectively, the “LP Debtors”) filed voluntary petitions under Chapter 7 of the Bankruptcy Code. See Docket No. 1 in Case No. 17-40179 and Docket No. 1 in Case No. 17-40180. LP Trustee was

¹ Collectively, Payson Petroleum, Payson Operating, and Maricopa are the “Payson Debtors.”

appointed as Chapter 7 Trustee for the LP Debtors.

4. Stay Issues. On February 21, 2017, LP Trustee filed his *Certificate of Notice of Bankruptcy Filing and Stay* in the Adversary Proceeding. See Docket No. 24 in Adversary Proceeding. On June 21, 2017, the Bankruptcy Court entered its *Agreed Order Granting Motion to Lift Stay* in LP Debtor's bankruptcy cases which, *inter alia*, provides that the parties are "granted relief from the automatic stay ... to continue with and fully litigate claims that are or could be pled" in the Adversary Proceeding. Docket No. 26 in Case No. 17-40180 and Docket No. 29 in Case No. 17-40179.

5. Amended Complaint. On July 13, 2017, Payson Trustee filed his *First Amended Complaint* in the Adversary Proceeding. See Docket No. 25 in Adversary Proceeding.

6. Jurisdiction & Venue. This Court has jurisdiction over the subject matter of this Joint Motion to Compromise pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

II. FACTUAL BACKGROUND

7. Nature of Payson Debtors' Businesses. Matthew C. Griffin ("Griffin") formed Payson Petroleum in 2008 to, *inter alia*, (i) promote the sale of interests in limited partnerships and (ii) operate oil and gas wells for such limited partnerships. Griffin formed Payson Operating in 2010 to act as a contract operator for Payson Petroleum. Griffin formed Maricopa in 2012 to, *inter alia*, engage in the acquisition and sale of Grayson County, Texas oil and gas leases.

8. Nature of 3 Well LP's Business. Payson Petroleum Grayson, LLC formed 3 Well LP in 2013 to, *inter alia*, drill, complete, and own interests in the Subject Wells.

9. Turnkey Agreements. On or about October 13, 2013, Payson Petroleum and 3 Well LP entered into a Subscription Turn Key Agreement under which 3 Well LP agreed to pay Payson

Petroleum certain amounts for the drilling and completion of the Subject Wells (the “Turnkey Agreement”). In the Adversary Proceeding, Payson Petroleum asserts a claim for breach of the Turnkey Agreement against 3 Well LP in the amount of \$17,115,777 (the “Breach of Turnkey Agreement Claim”).

10. Working Interest Assignments. On or about Marcy 28, 2016, Maricopa assigned certain interests in the William #1H (API # 181-31557), Crowe #2 (API #181-31543), and Elaine #1 (API #181-31547) (collectively the “Subject Wells”) to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066. The working interests assigned are set forth below:

Subject Well	Assignee	Working Interest Assigned
Williams #1H Well	2014 LP	72.210840%
Williams #1H Well	3 Well LP	27.789160%
Crowe #2 Well	2014 LP	72.210840%
Crowe #2 Well	3 Well LP	27.789160%
Elaine #1 Well	2014 LP	72.210840%
Elaine #1 Well	3 Well LP	27.789160%

(collectively the “Working Interest Assignments”). In the Adversary Proceeding, Maricopa asserts claims under 11 U.S.C. §§ 547, 548, and 550 and Chapter 24 of the Texas Business and Commerce Code against 3 Well LP for avoidance of the Working Interest Assignments and recovery of the interests transferred to 3 Well LP or their value. Post-bankruptcy petition production revenue attributable to the Working Interest Assignments has been held by Traton Operating Company (“Traton”), the Payson Trustee’s approved contract operating company.

11. Additional Avoidable Transfers. In addition to the Working Interest Assignments, Payson Petroleum transferred \$1,274,310 to 3 Well LP in January 2014 in exchange for interests

in 3 Well LP that Payson Petroleum knew or should have known were worth far less than the amounts transferred (the “Investment Transfer”). In the Adversary Proceeding, the Payson Trustee asserts claims under 11 U.S.C. § 544 and 550 and Chapter 24 of the Texas Business and Commerce Code to avoid and recover the Investment Transfer from 3 Well LP (the “Investment Transfer Claim”).

III. **PROPOSED SETTLEMENT**

12. The Payson Trustee, Payson Debtors, LP Trustee, and LP Debtors have reached a settlement of issues asserted in the Adversary Proceeding and other claims that have or could have been asserted between the parties. Attached hereto as **Exhibit A** is a copy of the Settlement Agreement.²

13. **Agreed Final Judgment.** As explained in the Settlement Agreement, the parties will resolve the Adversary Proceeding by filing a Joint Motion for Entry of Agreed Final Judgment and will use their best efforts to have the Agreed Final Judgment entered by the Bankruptcy Court. The Agreed Final Judgment will, *inter alia*, provide that the Wellbore Interest Assignments are avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B) and grant judgment in favor of Payson Petroleum on its Breach of Turnkey Agreement Claim against 3 Well LP in the amount of \$8,557,888.50. *See* Exhibit 3 to Settlement Agreement.

14. **Conveyance of Interests in Subject Wells.** 3 Well LP and 2014 LP will reassign the avoided interests in the Subject Wells to Maricopa, which will continue to be operated by Traton until Maricopa sells those interests under 11 U.S.C. § 363. As explained in further detail

² To the extent of any inconsistency between the Settlement Agreement and the summary of that agreement set forth in this Joint Motion to Compromise, the terms of the Settlement Agreement control. This outline is not intended to repeat all terms of the Settlement Agreement and persons reading this Joint Motion to Compromise are encouraged to read the Settlement Agreement. Capitalized Terms used but not otherwise defined herein have the meaning ascribed to them in the Joint Motion to Compromise or the Settlement Agreement as applicable.

IV. RATIONALE

18. Benefit to Maricopa Estate. The Maricopa bankruptcy estate receives the following benefits from the settlement:

- the interests assigned to 3 Well LP via the Working Interest Assignments will be reassigned to Maricopa, and Maricopa will 55% of the Subject Wells Net Proceeds, plus a \$50,000 Operating Reserve to satisfy costs associated with operation of the Subject Wells; and
- except for claims expressly preserved under the Settlement Agreement, Maricopa's bankruptcy estate is released from claims which have been or could have been asserted against Maricopa by 3 Well LP.

19. Benefit to Payson Petroleum Estate. The Payson Petroleum bankruptcy estate receives the following benefits from the settlement:

- an allowed general unsecured claim in the 3 Well LP bankruptcy case in the amount of Eight Million Five Hundred Fifty-Seven Thousand Eight Hundred Eighty-Eight and 50/100 U.S. Dollars (\$8,557,888.50) on account of Payson Petroleum's Breach of Turnkey Agreement claim against 3 Well LP;
- Payson Petroleum is (i) granted standing and authority to enforce and prosecute 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims (the "Subject Claims") and (ii) will hold a fifty percent (50%) participation interest in net recoveries from the Subject Claims as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, Payson Petroleum's bankruptcy estate is released from claims which have been or could have been asserted against Payson Petroleum by 3 Well LP.

20. Benefit to Payson Operating Estate. Except for claims expressly preserved under the Settlement Agreement, Payson Operating's bankruptcy estate is released from claims which have been or could have been asserted against Payson Operating by 3 Well LP.

21. Benefit to 3 Well LP Estate. The 3 Well LP bankruptcy estate receives the following benefits from the settlement:

- 3 Well LP will obtain 12.5055% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;
- 3 Well LP will retain a fifty percent (50%) interest in all 3 Well LP Avoidance Action Claims Net Recovery and 3 Well LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, 3 Well LP's bankruptcy estate is released from claims which have been or could have been asserted against 3 Well LP by Payson Petroleum, Payson Operating, and/or Maricopa.

V. **RELIEF REQUESTED**

22. The Payson Trustee and LP Trustee respectfully request that the Court approve the proposed Settlement Agreement attached hereto as Exhibit A and grant them such other and further relief to which they may be entitled.

VI. **BASIS FOR RELIEF**

23. Bankruptcy Courts are “empowered to approve a compromise settlement of a debtor’s claim under Bankruptcy Rule 9019(a).” *Official Comm. of Unsecured Creditors v. Cajun Electric Power Coop., Inc. (In re Cajun Elec. Power Coop., Inc.)*, 119 F.3d 349, 355 (5th Cir. 1997). “Approval should only be given if the settlement is fair and equitable and in the best interest of the estate.” *Id.* (internal quotes & cite omitted). “In deciding whether a settlement of litigation is fair and equitable, a judge in bankruptcy must make a well-informed decision, ‘comparing the terms of the compromise with the likely rewards of litigation.’” *Id.* at 356 (quoting *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980)). Courts consider the

following factors in determining whether a settlement is fair and equitable “(1) [t]he probability of success in the litigation, with due consideration for the uncertainty in fact and law, (2) [t]he complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (3) all other factors bearing on the wisdom of the compromise.” *Id.*

24. The factors support granting the Joint Motion to Compromise. First, the disputes are hotly contested and would require lengthy and likely expensive litigation to resolve, and the Settlement Agreement was reached after good-faith, contentious, and arms-length negotiations. The Payson Trustee and LP Trustee desire to avoid lengthy litigation between the respective bankruptcy estates so they can focus on enhancing the value of those estates for the benefit of creditors. Litigation would be expensive and involve, *inter alia*, complex factual issues regarding the value of the property transferred and solvency of the various bankruptcy estates. The Settlement Agreement, on the other hand, allows the Payson Trustee to distribute hydrocarbon proceeds currently held in suspense and initiate a sales process to monetize the Subject Wells for the benefit of creditors of Maricopa and 3 Well LP. Additionally, the Settlement Agreement (i) reduces 3 Well LP’s liability for failing to pay Payson Petroleum amounts owed under the Turnkey Agreement by fifty percent (50%), (ii) provides an arrangement for coordinated prosecution of avoidance actions and sharing in the proceeds of the same, and (iii) eliminates the potential that the LP Trustee and Payson Trustee would pursue substantially similar claims against partners of 3 Well LP in different proceedings and forums. In sum, the Payson Trustee and LP Trustee believe the Settlement Agreement is in the best interests of their respective bankruptcy estates and should be approved. *See* Affidavit of Jason R. Searcy, attached as **Exhibit B** and Affidavit of Christopher J. Moser, attached as **Exhibit C**.

25. A proposed agreed order is attached hereto as **Exhibit D**.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Jason R. Searcy, Chapter 11 Trustee for the bankruptcy estates of Payson Petroleum, Inc., Payson Operating, LLC, and Maricopa Resources, LLC and Christopher J. Moser, Chapter 7 Trustee for the bankruptcy estate of Payson Petroleum 3 Well, L.P. respectfully request that the Court approve the Agreement and grant them such other and further relief to which they may be justly entitled.

Respectfully submitted,

By: /s/

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
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Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

**COUNSEL FOR JASON R. SEARCY,
CHAPTER 11 TRUSTEE FOR PAYSON
PETROLEUM, INC., PAYSON
OPERATING, LLC, AND MARICOPA
RESOURCES, LLC**

By: /s/

Keith W. Harvey
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(972) 243-3960 Phone
(972)-241-3970 Facsimile

**COUNSEL FOR CHRISTOPHER J.
MOSER, CHAPTER 7 TRUSTEE FOR
PAYSON PETROLEUM 3 WELL, L.P.**

CERTIFICATE OF SERVICE

The undersigned certifies that on __, 2017, a true and correct copy of this document was served (i) via the Court's electronic case filing system upon the parties listed below or by email listed below, (ii) via the Court's electronic case filing system for Eastern District of Texas upon all parties requesting electronic notice of all filings and (iii) via regular First Class Mail, properly addressed and postage prepaid, upon all parties listed on the Master Service List attached hereto.

Debtors Payson Petroleum, Inc., Payson Operating,
LLC, and Maricopa Resources, LLC

Mark A. Weisbart
12770 Coil Road, Suite 541
Dallas, TX 75251
weisbartm@earthlink.net,
TX56@ecfbis.com;mweisbart@ecf.epiqsystems.com;
tarah_simmons@earthlink.net

Debtors Payson Petroleum 3 Well ,
LP and Payson Petroleum 3 Well
2014, LP

1757 Harpsichord Way
Henderson, NV 89012

Dan Chern
The Law Offices of Dan Chern
12801 N. Central Expressway, Suite 1558
Dallas, Texas 75243
dbc@dchern.com

Daniel P. Winikka
12377 Merit Drive, Ste. 900
Dallas, TX 75251
danw@LFDSLAW.COM

US Trustee
Office of the US Trustee
110 N. College Ave, #300
Tyler, TX 75702
USTPRegion06.TY.ECF@USDOJ.GOV

/s/ _____
Blake Hamm

[INTENTIONALLY LEFT BLANK]

proposed settlement obtains for the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

Further, Affiant sayeth not.

Jason R. Searcy
Payson Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**



IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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IN RE: PAYSON PETROLEUM 3 WELL, L.P., DEBTOR.	§ § § § §	Case No. 17-40179 Chapter 7
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IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
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**AFFIDAVIT OF CHRISTOPHER J. MOSER
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Christopher J. Moser, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Christopher J. Moser. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas and the United States Fifth Circuit of Appeals. I am the Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 ("LP Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 ("Motion") and based on my best belief and information, the proposed settlement obtains for

the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

It is my professional opinion that the settlement agreement reflected in the Motion is in the best interest of the estate and comports with the settlement standards of *Protective Comm. For Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. Reh'g denied, 391 U.S. 909 (1968) and of *River City vs. Herpel, (In re Jackson Brewing Co.)*, 624 F.2d 599, 602-603 (5th Cir. 1980). Accordingly, the settlement should be approved.

Further, Affiant sayeth not.

Christopher J. Moser
LP Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, LP,	§	Case No. 17-40179
	§	Chapter 7
DEBTOR.	§	

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. (“Debtor”) in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 3 Well LP Subject Claims Assignment and Participation Agreement attached

6. This Order is binding upon the Parties and all other parties in interest in accordance with the terms of the Settlement Agreement.

8. The releases provided for in the Settlement Agreement are hereby approved. Upon consummation of the Settlement Agreement all claims by 3 Well LP against Payson Petroleum, Payson Operating or Maricopa except for the 2014 LP and 3 Well LP Retained Claims (as defined in the Settlement Agreement) are released. Upon consummation of the Settlement Agreement all claims of Payson Petroleum, Payson Operating and Maricopa, except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims (as defined in the Settlement Agreement) are released.

10. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims without further order of this Court. Payson Petroleum is hereby appointed the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the

3 Well LP Partnership Related Claims pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 3 Well LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, or Payson/3 Well LP Partnership Related Claims as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 3 Well LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 3 Well LP Partnership Related Claims or the 3 Well LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

SUBMITTED BY:

/s/

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State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
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**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

AGREED TO IN FORM AND SUBSTANCE BY:

/s/

Phil Snow
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**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
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AND MARICOPA RESOURCES, LLC**

/s/

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**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL 2014, L.P.,	§	Case No. 17-40180
	§	
DEBTOR.	§	Chapter 7
	§	

**JOINT MOTION TO APPROVE COMPROMISE AND SETTLEMENT PURSUANT
TO BANKRUPTCY RULE 9019**

NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AND SERVED UPON THE PARTY FILING THIS PLEADING WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH OBJECTION. IF NO OBJECTION IS TIMELY SERVED AND FILED, THIS PLEADING SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF AN OBJECTION IS FILED AND SERVED IN A TIMELY MANNER, THE COURT WILL THEREAFTER SET A HEARING. IF YOU FAIL TO APPEAR AT THE HEARING, YOUR OBJECTION MAY BE STRICKEN. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

TO THE HONORABLE BRENDA RHOADES, U. S. BANKRUPTCY JUDGE:

COME NOW Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 (the “Payson Trustee”) and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 (the “LP Trustee”) to file their *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* (the “Joint Motion to Compromise”), and in support thereof, respectfully show unto the Court the following:

I.

PROCEDURAL STATUS

1. Payson Debtor Bankruptcy Filings. On June 10, 2016, Payson Petroleum, Inc. (“Payson Petroleum”), Payson Operating, LLC (“Payson Operating”), and Maricopa Resources, LLC (“Maricopa”) filed voluntary petitions under Chapter 7 of the United States Bankruptcy Code (the “Bankruptcy Code”) in this Bankruptcy Court.¹ See Docket No. 1 in Bankruptcy Case Nos. 16-41043, 16-40144, and 16-40145. On July 12, 2016, the Bankruptcy Court entered orders converting the Payson Debtors’ bankruptcy cases to cases under Chapter 11 of the Bankruptcy Code. See Docket No. 39 in Case No. 16-41043, Docket No. 33 in Case No. 16-40144, and Docket No. 41 in Case No. 16-40145. On July 18, 2016, the Bankruptcy Court entered orders approving the United States Trustee’s applications to appoint the Payson Trustee as the Chapter 11 Trustee in the Payson Debtors’ bankruptcy cases. See Docket No. 55 in Case No. 16-41043, Docket No. 50 in Case No. 16-40144, and Docket No. 57 in Case No. 16-41045. On August 11, 2016, the Bankruptcy Court ordered the joint administration of the Payson Debtors’ bankruptcy cases under Case No. 16-41044. See Docket No. 75 in Case No. 16-41043, Docket No. 73 in Case No. 16-41044, and Docket No. 81 in Case No. 16-41045.

2. Adversary Proceeding. On November 1, 2016, the Payson Trustee filed his *Complaint to Avoid and Recover Transfers Pursuant to 11 U.S.C. §§ 548, 547, and 550* in Adversary Proceeding No. 16-04106 (the “Adversary Proceeding”) against Payson Petroleum 3 Well, LP (“3 Well LP”) and Payson Petroleum 3 Well 2014, L.P. (“2014 LP”).

3. LP Debtor Bankruptcy Filings. On January 31, 2017, 3 Well LP and 2014 LP (collectively, the “LP Debtors”) filed voluntary petitions under Chapter 7 of the Bankruptcy Code. See Docket No. 1 in Case No. 17-40179 and Docket No. 1 in Case No. 17-40180. LP Trustee was

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appointed as Chapter 7 Trustee for the LP Debtors.

4. Stay Issues. On February 21, 2017, LP Trustee filed his *Certificate of Notice of Bankruptcy Filing and Stay* in the Adversary Proceeding. See Docket No. 24 in Adversary Proceeding. On June 21, 2017, the Bankruptcy Court entered its *Agreed Order Granting Motion to Lift Stay* in LP Debtor's bankruptcy cases which, *inter alia*, provides that the parties are "granted relief from the automatic stay ... to continue with and fully litigate claims that are or could be pled" in the Adversary Proceeding. Docket No. 26 in Case No. 17-40180 and Docket No. 29 in Case No. 17-40179.

5. Amended Complaint. On July 13, 2017, Payson Trustee filed his *First Amended Complaint* in the Adversary Proceeding. See Docket No. 25 in Adversary Proceeding.

6. Jurisdiction & Venue. This Court has jurisdiction over the subject matter of this Joint Motion to Compromise pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

II. FACTUAL BACKGROUND

7. Nature of Payson Debtors' Businesses. Matthew C. Griffin ("Griffin") formed Payson Petroleum in 2008 to, *inter alia*, (i) promote the sale of interests in limited partnerships and (ii) operate oil and gas wells for such limited partnerships. Griffin formed Payson Operating in 2010 to act as a contract operator for Payson Petroleum. Griffin formed Maricopa in 2012 to, *inter alia*, engage in the acquisition and sale of Grayson County, Texas oil and gas leases.

8. Nature of 2014 LP's Business. Payson Petroleum Grayson, LLC formed 2014 LP in 2014 to, *inter alia*, drill, complete, and own interests in the Subject Wells.

9. Turnkey Agreements. On or about January 12, 2014, Payson Petroleum and 2014 LP entered into a Subscription Turn Key Agreement under which 2014 LP agreed to pay Payson

Petroleum certain amounts for the drilling and completion of the Subject Wells (the “Turnkey Agreement”). In the Adversary Proceeding, Payson Petroleum asserts a claim for breach of the Turnkey Agreement against 2014 LP in the amount of \$5,343,803 (the “Breach of Turnkey Agreement Claim”).

10. Working Interest Assignments. On or about Marcy 28, 2016, Maricopa assigned certain interests in the William #1H (API # 181-31557), Crowe #2 (API #181-31543), and Elaine #1 (API #181-31547) (collectively the “Subject Wells”) to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066. The working interests assigned are set forth below:

Subject Well	Assignee	Working Interest Assigned
Williams #1H Well	2014 LP	72.210840%
Williams #1H Well	3 Well LP	27.789160%
Crowe #2 Well	2014 LP	72.210840%
Crowe #2 Well	3 Well LP	27.789160%
Elaine #1 Well	2014 LP	72.210840%
Elaine #1 Well	3 Well LP	27.789160%

(collectively the “Working Interest Assignments”). In the Adversary Proceeding, Maricopa asserts claims under 11 U.S.C. §§ 547, 548, and 550 and Chapter 24 of the Texas Business and Commerce Code against 2014 LP for avoidance of the Working Interest Assignments and recovery of the interests transferred to 2014 LP or their value. Post-bankruptcy petition production revenue attributable to the Working Interest Assignments has been held by Traton Operating Company (“Traton”), the Payson Trustee’s approved contract operating company.

11. Additional Avoidable Transfers. In addition to the Working Interest Assignments, Payson Petroleum transferred \$2,862,000 to 2014 LP between January and February 2014 in

exchange for interest in that limited partnership that Payson Petroleum knew or should have known were worth far less than the amounts transferred (the “Investment Transfers”). In the Adversary Proceeding, the Payson Trustee asserts claims under 11 U.S.C. § 544 and 550 and Chapter 24 of the Texas Business and Commerce Code to avoid and recover the Investment Transfers from 2014 LP (the “Investment Transfer Claim”).

III. **PROPOSED SETTLEMENT**

12. The Payson Trustee, Payson Debtors, LP Trustee, and LP Debtors have reached a settlement of issues asserted in the Adversary Proceeding and other claims that have or could have been asserted between the parties. Attached hereto as **Exhibit A** is a copy of the Settlement Agreement.²

13. **Agreed Final Judgment.** As explained in the Settlement Agreement, the parties will resolve the Adversary Proceeding by filing a Joint Motion for Entry of Agreed Final Judgment and will use their best efforts to have the Agreed Final Judgment entered by the Bankruptcy Court. The Agreed Final Judgment will, *inter alia*, provide that the Wellbore Interest Assignments are avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B) and grant judgment in favor of Payson Petroleum on its Breach of Turnkey Agreement Claim against 2014 LP in the amount of \$2,671,900.50. *See* Exhibit 3 to Settlement Agreement.

14. **Conveyance of Interests in Subject Wells.** 3 Well LP and 2014 LP will reassign the avoided interests in the Subject Wells to Maricopa, which will continue to be operated by Traton until Maricopa sells those interests under 11 U.S.C. § 363. As explained in further detail

² To the extent of any inconsistency between the Settlement Agreement and the summary of that agreement set forth in this Joint Motion to Compromise, the terms of the Settlement Agreement control. This outline is not intended to repeat all terms of the Settlement Agreement and persons reading this Joint Motion to Compromise are encouraged to read the Settlement Agreement. Capitalized Terms used but not otherwise defined herein have the meaning ascribed to them in the Joint Motion to Compromise or the Settlement Agreement as applicable.

in the Settlement Agreement, the net proceeds obtained from the operation and sale of the Subject Wells (defined in the Settlement Agreement as the Subject Wells Net Proceeds) will be distributed as follows: (i) 55% to Maricopa, (ii) 32.4945% to 2014 LP, and (iii) 12.5055% to 3 Well LP. Maricopa will retain a \$50,000 Operating Reserve to satisfy costs related to operation of the Subject Wells.

15. Allowed Claims. The Settlement Agreement also provides that the parties will agree to the following allowed unsecured claims:

- Payson Petroleum shall hold an allowed unsecured claim in the 2014 LP bankruptcy case in the amount of \$2,671,900.50; and
- 2014 LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement.

16. Prosecution of and Participation in Avoidance Action Claims. The Settlement Agreement further provides that the parties will enter into the 2014 LP Subject Claims Assignment and Participation Agreement (collectively the “Claims Assignment and Participation Agreement”). Pursuant to the Claims Assignment and Participation Agreements 2014 LP will assign a fifty percent (50%) interest in net recoveries from litigation of 2014 LP Avoidance Action Claims and 2014 Partnership Related Claims, as defined in the Claims Assignment and Participation Agreement, with 2014 LP retaining the remaining fifty percent (50%) interest. Payson Petroleum shall be granted standing to prosecute 2014 LP Avoidance Action Claims and Partnership Related Claims in the 2014 LP bankruptcy case, and 2014 LP shall enter into an engagement agreement with special litigation counsel for the Payson Trustee to prosecute such claims for the benefit of the Payson Petroleum and 2014 LP bankruptcy estates.

17. Releases. Except for claims expressly reserved in the Settlement Agreement, all claims or causes action between the parties will be released.

RATIONALE

18. Benefit to Maricopa Estate. The Maricopa bankruptcy estate receives the following benefits from the settlement:

- the interests assigned to 2014 LP via the Working Interest Assignments will be reassigned to Maricopa, and Maricopa will 55% of the Subject Wells Net Proceeds, plus a \$50,000 Operating Reserve to satisfy costs associated with operation of the Subject Wells; and
- except for claims expressly preserved under the Settlement Agreement, Maricopa's bankruptcy estate is released from claims which have been or could have been asserted against Maricopa by 2014 LP.

19. Benefit to Payson Petroleum Estate. The Payson Petroleum bankruptcy estate receives the following benefits from the settlement:

- an allowed general unsecured claim in the 2014 LP bankruptcy case in the amount of Two Million Six Hundred Seventy-One Thousand Nine Hundred and 50/100 U.S. Dollars (\$2,671,900.50) on account of Payson Petroleum's Breach of Turnkey Agreement claim against 2014 LP;
- Payson Petroleum is (i) granted standing and authority to enforce and prosecute 2014 LP Avoidance Action Claims and 2014 LP Partnership Related Claims (the "Subject Claims") and (ii) will hold a fifty percent (50%) participation interest in net recoveries from the Subject Claims as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, Payson Petroleum's bankruptcy estate is released from claims which have been or could have been asserted against Payson Petroleum by 2014 LP.

20. Benefit to Payson Operating Estate. Except for claims expressly preserved under the Settlement Agreement, Payson Operating's bankruptcy estate is released from claims which have been or could have been asserted against Payson Operating by 2014 LP.

21. Benefit to 2014 LP Estate. The 2014 LP bankruptcy estate receives the following benefits from the settlement:

- 2014 LP will obtain 32.4945% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;
- 2014 LP will retain a fifty percent (50%) interest in all 2014 LP Avoidance Action Claims Net Recovery and 2014 LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; *and*
- except for claims expressly preserved under the Settlement Agreement, 2014 LP's bankruptcy estate is released from claims which have been or could have been asserted against 2014 LP by Payson Petroleum, Payson Operating, and/or Maricopa.

V. **RELIEF REQUESTED**

22. The Payson Trustee and LP Trustee respectfully request that the Court approve the proposed Settlement Agreement attached hereto as Exhibit A and grant them such other and further relief to which they may be entitled.

VI. **BASIS FOR RELIEF**

23. Bankruptcy Courts are “empowered to approve a compromise settlement of a debtor’s claim under Bankruptcy Rule 9019(a).” *Official Comm. of Unsecured Creditors v. Cajun Electric Power Coop., Inc. (In re Cajun Elec. Power Coop., Inc.)*, 119 F.3d 349, 355 (5th Cir. 1997). “Approval should only be given if the settlement is fair and equitable and in the best interest of the estate.” *Id.* (internal quotes & cite omitted). “In deciding whether a settlement of litigation is fair and equitable, a judge in bankruptcy must make a well-informed decision, ‘comparing the terms of the compromise with the likely rewards of litigation.’” *Id.* at 356 (quoting *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980)). Courts consider the

following factors in determining whether a settlement is fair and equitable “(1) [t]he probability of success in the litigation, with due consideration for the uncertainty in fact and law, (2) [t]he complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (3) all other factors bearing on the wisdom of the compromise.” *Id.*

24. The factors support granting the Joint Motion to Compromise. First, the disputes are hotly contested and would require lengthy and likely expensive litigation to resolve, and the Settlement Agreement was reached after good-faith, contentious, and arms-length negotiations. The Payson Trustee and LP Trustee desire to avoid lengthy litigation between the respective bankruptcy estates so they can focus on enhancing the value of those estates for the benefit of creditors. Litigation would be expensive and involve, *inter alia*, complex factual issues regarding the value of the property transferred and solvency of the various bankruptcy estates. The Settlement Agreement, on the other hand, allows the Payson Trustee to distribute hydrocarbon proceeds currently held in suspense and initiate a sales process to monetize the Subject Wells for the benefit of creditors of Maricopa and 2014 LP. Additionally, the Settlement Agreement (i) reduces 2014 LP’s liability for failing to pay Payson Petroleum amounts owed under the Turnkey Agreement by fifty percent (50%), (ii) provides an arrangement for coordinated prosecution of avoidance actions and sharing in the proceeds of the same, and (iii) eliminates the potential that the LP Trustee and Payson Trustee would pursue substantially similar claims against partners of 2014 LP in different proceedings and forums. In sum, the Payson Trustee and LP Trustee believe the Settlement Agreement is in the best interests of their respective bankruptcy estates and should be approved. *See* Affidavit of Jason R. Searcy, attached as **Exhibit B** and Affidavit of Christopher J. Moser, attached as **Exhibit C**.

25. A proposed agreed order is attached hereto as **Exhibit D**.

P R A Y E R

WHEREFORE, PREMISES CONSIDERED, Jason R. Searcy, Chapter 11 Trustee for the bankruptcy estates of Payson Petroleum, Inc., Payson Operating, LLC, and Maricopa Resources, LLC and Christopher J. Moser, Chapter 7 Trustee for the bankruptcy estate of Payson Petroleum 3 Well 2014, L.P. respectfully request that the Court approve the Agreement and grant them such other and further relief to which they may be justly entitled.

Respectfully submitted,

By: /s/

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
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**COUNSEL FOR JASON R. SEARCY,
CHAPTER 11 TRUSTEE FOR PAYSON
PETROLEUM, INC., PAYSON
OPERATING, LLC, AND MARICOPA
RESOURCES, LLC**

By: /s/

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**COUNSEL FOR CHRISTOPHER J.
MOSER, CHAPTER 7 TRUSTEE FOR
PAYSON PETROLEUM 3 WELL, L.P.
AND PAYSON PETROLEUM 3 WELL
2014, L.P.**

CERTIFICATE OF SERVICE

The undersigned certifies that on __, 2017, a true and correct copy of this document was served (i) via the Court's electronic case filing system upon the parties listed below or by email listed below, (ii) via the Court's electronic case filing system for Eastern District of Texas upon all parties requesting electronic notice of all filings and (iii) via regular First Class Mail, properly addressed and postage prepaid, upon all parties listed on the Master Service List attached hereto.

Debtors Payson Petroleum, Inc., Payson Operating,
LLC, and Maricopa Resources, LLC

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Debtors Payson Petroleum 3 Well ,
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2014, LP

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/s/ _____
Blake Hamm

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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**



IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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IN RE: PAYSON PETROLEUM 3 WELL, L.P., DEBTOR.	§ § § § §	Case No. 17-40179 Chapter 7
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IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
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**AFFIDAVIT OF CHRISTOPHER J. MOSER
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Christopher J. Moser, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Christopher J. Moser. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas and the United States Fifth Circuit of Appeals. I am the Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 (“LP Trustee”). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (“Motion”) and based on my best belief and information, the proposed settlement obtains for

the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

It is my professional opinion that the settlement agreement reflected in the Motion is in the best interest of the estate and comports with the settlement standards of *Protective Comm. For Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. Reh'g denied, 391 U.S. 909 (1968) and of *River City vs. Herpel, (In re Jackson Brewing Co.)*, 624 F.2d 599, 602-603 (5th Cir. 1980). Accordingly, the settlement should be approved.

Further, Affiant sayeth not.

Christopher J. Moser
LP Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:

**PAYSON PETROLEUM 3 WELL 2014, LP,

DEBTOR.**

§
§
§
§
§

**Case No. 17-40180
Chapter 7**

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. (“Debtor”) in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 2014 LP Subject Claims Assignment and Participation Agreement attached as

an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

6. This Order is binding upon the Parties and all other parties in interest in accordance with the terms of the Settlement Agreement.

7. A general unsecured claim of Payson Petroleum against 2014 LP is hereby allowed in the amount of Two Million Six Hundred Seventy-One Thousand Nine Hundred and 50/100 U.S. Dollars (\$2,671,900.50).

8. The releases provided for in the Settlement Agreement are hereby approved. Upon consummation of the Settlement Agreement all claims by 3 Well LP against Payson Petroleum, Payson Operating or Maricopa except for the 2014 LP and 3 Well LP Retained Claims (as defined in the Settlement Agreement) are released. Upon consummation of the Settlement Agreement all claims of Payson Petroleum, Payson Operating and Maricopa, except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims (as defined in the Settlement Agreement) are released.

9. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the 2014 LP Avoidance Action Claims Net Recovery and the 2014 LP Partnership Related Claims Net Recovery as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement.

10. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims without further order of this Court. Payson Petroleum is hereby appointed the representative of the 2014 LP bankruptcy estate for purposes of prosecuting the 2014 LP Avoidance Action Claims and the 2014

LP Partnership Related Claims pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 2014 LP Avoidance Action Claims, 2014 LP Partnership Related Claims, or Payson/2014 LP Partnership Related Claims as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 2014 LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 2014 LP Partnership Related Claims or the 2014 LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

SUBMITTED BY:

/s/

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State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
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**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

AGREED TO IN FORM AND SUBSTANCE BY:

/s/

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FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

I:\Client\SEAJ1001-Searcy-Payson\Adversary Proceedings\16-04106 3 Well LP & 3 Well 2014 LP\Settlement\Settlement Agreement-Execution Copy\Ex 7 Settlement Motions\17-40180\20170905 Agreed Order Granting 9019 Motion 17-40180.docx

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

EXHIBIT 8 TO SETTLEMENT AGREEMENT

SUBJECT WELLS ASSIGNMENTS

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

ASSIGNMENT, CONVEYANCE AND BILL OF SALE

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS that the undersigned Payson Petroleum 3 Well 2014, L.P., whose address is c/o Christopher J. Moser, Chapter 7 Trustee, Quilling, Selander, Lownds, Winslett & Moser, P.C., 2001 Bryan Street, Ste. 1800, Dallas, TX 75201 (the "Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, does hereby BARGAIN, SELL, GRANT, ASSIGN and CONVEY unto Maricopa Resources, LLC, whose address is c/o Jason R. Searcy, Chapter 11 Trustee, Searcy & Searcy, P.C., 446 Forest Square, Longview, Texas 75605 (the "Assignee"), all of Assignor's right, title and interest in and to the wells and wellbores described herein.

DEFINITIONS

1.01 Defined Terms. The following terms, as used in this Assignment, shall have the meanings indicated below, unless the context otherwise requires:

"Crowe #2 Well" means the Crowe #2 (API #181-31543) and associated wellbore, with a surface location situated at latitude 33° 49' 10" – north, longitude 96° 41' 55" – west, in Section 11, Block 1, 11, 15, 16, the South 79 acres of the Wood & Buckles Survey, Abstract 1373, Grayson County, Texas.

"Elaine #1 Well" means the Elaine #1 (API #181-31547) and associated wellbore, with a surface location situated at latitude 33° 44' 55" – north, longitude 96° 41' 02" – west, in Section 26, Block 1, 11, 15, 16, the East half of the J.C. Wade Survey, Abstract 1382, Grayson County, Texas.

"Effective Date" means September __, 2017.

"Wells" means, collectively, the Crow #2 Well, the Elaine #1 Well and the Williams #1H Well.

"Williams #1H Well" means the Williams #1H (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of Section 26, Block 1, 11, 15, 16, the JM Dodgin Survey, Abstract 378, Grayson County, Texas.

ASSIGNMENT AND AGREEMENT

For valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor sells, assigns, transfers, delivers, and conveys to Assignee the following, all of which are collectively called the "Assets".

a. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006066, Book OR, Vol. 5779, Pg. 404, in the Crowe #2 Well.

b. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006065, Book OR, Vol. 5779, Pg. 397, in the Elaine #1 Well.

c. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006064, Book OR, Vol. 5779, Pg. 389, in the William #1H Well.

d. All right, title and interest in and to the oil and gas leases described in Exhibits A-1, A-2 and A-3 to this Assignment, insofar and only insofar as the leases cover the Wells, (collectively, the “Leases”), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Wells.

e. All right, title and interest in all personal property and fixtures associated with the Wells, including without limitation the following: all tubing, casing, and other equipment in the wellbores, wellhead equipment, gathering lines and surface production facilities.

f. All files and records relating to the items described in Paragraphs (a) through (f) maintained by Assignor and relating to the interests described in Paragraphs (a) through (f), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignee, and Assignee’s heirs, successors and assigns, forever.

Assignee and Assignor further agree as follows:

1. Title. Assignor warrants title to the Assets from and against all persons claiming by, through and under Assignor, but not otherwise.

2. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Wells to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify and hold Assignee harmless from and against all claims. Assignee shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

3. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys’ fees, court costs, interest, penalties and other expenses incurred in connection with the defense of claims shall be included in Assignee’s and Assignor’s indemnities. All indemnities of Assignee shall extend to and cover the parent, subsidiary and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

4. No Third-Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify or limit the rights of Assignor or Assignee, as between themselves.

5. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignee, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignee as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

[Signature Page Follows]

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County	Lessor	Lessee	Instrument Filed	Volume /Page	Effective Date
Grayson	Marilyn Teresa Morrow	RWJ Exploration, LLC	Oil, Gas and Mineral Lease	4724/434	6/12/2009
Grayson	Samuel Louis Crow	Atoka Operating, Inc.	Oil, Gas and Mineral Lease	4536/579	1/7/2008
Grayson	Linda Darnell Lott, acting as Agent and Attorney-in-Fact for Frank L. Darnell, Sr.	Atoka Operating, Inc.	Oil, Gas and Mineral Lease	4536/566	4/3/2008
Grayson	Linda Darnell Lott, as Independent Executrix of the Estate of Dorothy L. Darnell	Atoka Operating, Inc.	Oil, Gas and Mineral Lease	4536/583	4/1/2008
Grayson	Allen M. Tonkin, Jr., Revocable Trust	Texas Land & Petroleum Company, LLC	Oil, Gas and Mineral Lease	4956/294	5/1/2011
Grayson	Nancy P. Tonkin Revocable Trust	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/287	5/1/2011

County	Lessor	Lessee	Instrument Filed	Volume /Page	Effective Date
Grayson	Nancy T. Cutter Revocable Trust	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/291	5/1/2011
Grayson	Linley T. Solari Revocable Trust	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/284	5/1/2011
Grayson	Solari Luz, LLC	Texas Land & Petroleum Company, LLC	Ratification of Oil and Gas Lease	5043/663	5/1/2011

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EXHIBIT A-2

to

WELLBORE ASSIGNMENT, CONVEYANCE AND BILL OF SALE

Property Description:

1. The Elaine #1 Well (API #181-31547) and associated wellbore, with a surface location situated at latitude 33° 44' 55" – north, longitude 96° 41' 02" – west, in Section 26, Block 1, 11, 15, 16, the East half of the J.C. Wade Survey, Abstract 1382, Grayson County, Texas.
2. All personal property and fixtures associated with the Elaine #1 Well, including without limitation the following: all tubing, casing, and other equipment in the wellbores, wellhead equipment, gathering lines and surface production facilities.

THE FOLLOWING DESCRIBED LEASES

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Linda Buechner Byrne	TLPC Holdings, Ltd.	5411/536	11/18/2013
Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411/532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of Estate of Barry L. Buechner, Deceased	TLPC Holdings, Ltd.	5411/540	11/18/2013
Grayson	Kennedy & Minshew, PC	TLPC Holdings, Ltd.	5049/747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061/139	9/30/2011
Grayson	Louie A. Hattensy, Jr.	TLPC Holdings, Ltd.	5057/937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031/870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031/846	9/30/2011
Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031/854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031/862	9/30/2011
Grayson	Susan R. Greene	TLPC Holdings, Ltd.	5031/398	8/18/2011
Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031/390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034/673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034/665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036/856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031/406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031/414	9/30/2011
Grayson	SH Productions, Inc.	Maricopa Resources, LLC	5464/919	2/24/2014

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Kathy Reed	Maricopa Resources, LLC	5464/927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464/931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464/915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464/923	2/24/2014
Grayson	Carin Isabel Knoop	Maricopa Resources, LLC	5464/910	4/7/2014
Grayson	Preston 150 Joint Venture	Maricopa Resources, LLC	5521/166	3/24/2014

EXHIBIT A-3

to

WELLBORE ASSIGNMENT, CONVEYANCE AND BILL OF SALE

Property Description:

1. The William #1H Well (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of the Section 26, Block 1, 11, 15, 16, JM Dodgin Survey, Abstract 378, Grayson County, Texas.
2. All personal property and fixtures associated with the William #1H Well, including without limitation the following: all tubing, casing, and other equipment in the wellbores, wellhead equipment, gathering lines and surface production facilities.

THE FOLLOWING DESCRIBED LEASES

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Linda Buechner Byrne	TLPC Holdings, Ltd.	5411/536	11/18/2013
Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411/532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of Estate of Barry L. Buechner	TLPC Holdings, Ltd.	5411/540	11/18/2013
Grayson	Kennedy & Minshew, PC	TLPC Holdings, Ltd.	5049/747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061/139	9/30/2011
Grayson	Louie A. Hattensy, Jr.	TLPC Holdings, Ltd.	5057/937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031/870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031/846	9/30/2011
Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031/854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031/862	9/30/2011
Grayson	Susan R. Greene	TLPC Holdings, Ltd.	5031/398	8/18/2011
Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031/390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034/673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034/665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036/856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031/406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031/414	9/30/2011
Grayson	SH Productions, Inc.	Maricopa Resources, LLC	5464/919	2/24/2014

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Kathy Reed	Maricopa Resources, LLC	5464/927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464/931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464/915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464/923	2/24/2014
Grayson	Endeavor Energy Resources, L.P.	OKT Resources, LLC	4981/402	2/1/2011
Grayson	Thomas W. Lett, Individually and as Trustee of the Sam Lett Testamentary Trust	OKT Resources, LLC	4418/520	2/1/2008
Grayson	Castello Enterprises, Inc.	OKT Resources, LLC	4980/156	2/1/2011
Grayson	Wilbur Lee Dean III	Matthew Avery	4296/513	4/18/2007
Grayson	Joseph Glen Dean	Matthew Avery	4296/506	4/18/2007
Grayson	Paula Marie Dean Halbach, aka Paula Marie Dean	Matthew Avery	4980/140	4/18/2007
Grayson	Landon Boyd Odle	Matthew Avery	4760/92	1/31/2007
Grayson	Douglas Kent Odle	Matthew Avery	4760/88	3/6/2007
Grayson	Gary Wayne Odle	Matthew Avery	4296/493	5/10/2007
Grayson	LaJuan Odle	Matthew Avery	4760/92	1/30/2007
Grayson	Pottsboro Church of Christ	Matthew Avery	4983/321	4/10/2011
Grayson	Vurlas Land Wilson, a/ka Verlas Lane Wilson and Margorie Marie Wilson	Matthew Avery	4296/469	4/27/2007
Grayson	John Robert Hooper	Paradise Springs, LLC	4993/305	2/12/2011
Grayson	Berdine Eberhart and Tom Eberhart	Matthew Avery	4296/441	4/27/2007
Grayson	Terry Lee Garofalo	Matthew Avery	4980/144	1/2/2011
Grayson	Ann W. Tracy, Trustee under the Ann W. Tracy Revocable Trust dated January 8, 1991	Matthew Avery	4296/457	6/27/2007
Grayson	Ilva Wilson, Ind and as Trustee of the JamesM. Wilson Jr and Ilva Wilson Family Trust	Matthew Avery	4297/46	6/27/2007
Grayson	Bobby C Wilson	Matthew Avery	4296/461	6/27/2007
Grayson	Peggy Ann Gehrig	Matthew Avery	4296/449	6/27/2007
Grayson	Thomas J. Wilson	Matthew Avery	4296/466	6/27/2007

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Lee Marjorie Hooper	Matthew Avery	4296/454	4/27/2007
Grayson	Berdine Eberhart and Tom Eberhart	Matthew Avery	4296/441	4/27/2007
Grayson	Terry Lee Garofalo	Matthew Avery	4296/445	4/27/2007
Grayson	Anadarko E&P Onshore, LLC	Paradise Springs, LLC	5355/704	8/28/2013
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5274/698	3/15/2013
Grayson	PCP Trust, Phillip C. Brown, Trustee and Philip Charles Brown	Paradise Springs, LLC	5274/701	3/15/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5367/400	9/10/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5002/826	8/21/2011
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5002/830	8/21/2011
Grayson	Philip C. Brown, aka Philip Charles Brown; PCB Trust	Paradise Springs, LLC	5002/834;838	8/21/2011

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

ASSIGNMENT, CONVEYANCE AND BILL OF SALE

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS that the undersigned Payson Petroleum 3 Well, L.P., whose address is c/o Christopher J. Moser, Chapter 7 Trustee, Quilling, Selander, Lownds, Winslett & Moser, P.C., 2001 Bryan Street, Ste. 1800, Dallas, TX 75201 (the "Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, does hereby BARGAIN, SELL, GRANT, ASSIGN and CONVEY unto Maricopa Resources, LLC, whose address is c/o Jason R. Searcy, Chapter 11 Trustee, Searcy & Searcy, P.C., 446 Forest Square, Longview, Texas 75605 (the "Assignee"), all of Assignor's right, title and interest in and to the wells and wellbores described herein.

DEFINITIONS

1.01 Defined Terms. The following terms, as used in this Assignment, shall have the meanings indicated below, unless the context otherwise requires:

"Crowe #2 Well" means the Crowe #2 (API #181-31543) and associated wellbore, with a surface location situated at latitude 33° 49' 10" – north, longitude 96° 41' 55" – west, in Section 11, Block 1, 11, 15, 16, the South 79 acres of the Wood & Buckles Survey, Abstract 1373, Grayson County, Texas.

"Elaine #1 Well" means the Elaine #1 (API #181-31547) and associated wellbore, with a surface location situated at latitude 33° 44' 55" – north, longitude 96° 41' 02" – west, in Section 26, Block 1, 11, 15, 16, the East half of the J.C. Wade Survey, Abstract 1382, Grayson County, Texas.

"Effective Date" means September __, 2017.

"Wells" means, collectively, the Crow #2 Well, the Elaine #1 Well and the Williams #1H Well.

"Williams #1H Well" means the Williams #1H (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of Section 26, Block 1, 11, 15, 16, the JM Dodgin Survey, Abstract 378, Grayson County, Texas.

ASSIGNMENT AND AGREEMENT

For valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor sells, assigns, transfers, delivers, and conveys to Assignee the following, all of which are collectively called the "Assets".

a. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006066, Book OR, Vol. 5779, Pg. 404, in the Crowe #2 Well.

b. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006065, Book OR, Vol. 5779, Pg. 397, in the Elaine #1 Well.

c. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006064, Book OR, Vol. 5779, Pg. 389, in the William #1H Well.

d. All right, title and interest in and to the oil and gas leases described in Exhibits A-1, A-2 and A-3 to this Assignment, insofar and only insofar as the leases cover the Wells, (collectively, the “Leases”), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Wells.

e. All right, title and interest in all personal property and fixtures associated with the Wells, including without limitation the following: all tubing, casing, and other equipment in the wellbores, wellhead equipment, gathering lines and surface production facilities.

f. All files and records relating to the items described in Paragraphs (a) through (f) maintained by Assignor and relating to the interests described in Paragraphs (a) through (f), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignee, and Assignee’s heirs, successors and assigns, forever.

Assignee and Assignor further agree as follows:

1. Title. Assignor warrants title to the Assets from and against all persons claiming by, through and under Assignor, but not otherwise.

2. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Wells to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify and hold Assignee harmless from and against all claims. Assignee shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

3. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys’ fees, court costs, interest, penalties and other expenses incurred in connection with the defense of claims shall be included in Assignee’s and Assignor’s indemnities. All indemnities of Assignee shall extend to and cover the parent, subsidiary and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

4. No Third-Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify or limit the rights of Assignor or Assignee, as between themselves.

5. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignee, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignee as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

[Signature Page Follows]

EXHIBIT A-1

to

WELLBORE ASSIGNMENT, CONVEYANCE AND BILL OF SALE

Property Description:

1. The Crowe #2 Well (API #181-31543) and associated wellbore, with a surface location situated at latitude 33° 49' 10" – north, longitude 96° 41' 55" – west, in Section 11, Block 1, 11, 15, 16, the South 79 acres of the Wood & Buckles Survey, Abstract 1373, Grayson County, Texas (from the surface of the earth down to the measured depth of 11,164').
2. All personal property and fixtures associated with the Crowe #2 Well, including without limitation the following: all tubing, casing, and other equipment in the wellbores, wellhead equipment, gathering lines and surface production facilities.

THE FOLLOWING DESCRIBED LEASES

County	Lessor	Lessee	Instrument Filed	Volume /Page	Effective Date
Grayson	Marilyn Teresa Morrow	RWJ Exploration, LLC	Oil, Gas and Mineral Lease	4724/434	6/12/2009
Grayson	Samuel Louis Crow	Atoka Operating, Inc.	Oil, Gas and Mineral Lease	4536/579	1/7/2008
Grayson	Linda Darnell Lott, acting as Agent and Attorney-in-Fact for Frank L. Darnell, Sr.	Atoka Operating, Inc.	Oil, Gas and Mineral Lease	4536/566	4/3/2008
Grayson	Linda Darnell Lott, as Independent Executrix of the Estate of Dorothy L. Darnell	Atoka Operating, Inc.	Oil, Gas and Mineral Lease	4536/583	4/1/2008
Grayson	Allen M. Tonkin, Jr., Revocable Trust	Texas Land & Petroleum Company, LLC	Oil, Gas and Mineral Lease	4956/294	5/1/2011
Grayson	Nancy P. Tonkin Revocable Trust	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/287	5/1/2011

County	Lessor	Lessee	Instrument Filed	Volume /Page	Effective Date
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Grayson	Solari Luz, LLC	Texas Land & Petroleum Company, LLC	Ratification of Oil and Gas Lease	5043/663	5/1/2011

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EXHIBIT A-2

to

WELLBORE ASSIGNMENT, CONVEYANCE AND BILL OF SALE

Property Description:

1. The Elaine #1 Well (API #181-31547) and associated wellbore, with a surface location situated at latitude 33° 44' 55" – north, longitude 96° 41' 02" – west, in Section 26, Block 1, 11, 15, 16, the East half of the J.C. Wade Survey, Abstract 1382, Grayson County, Texas.
2. All personal property and fixtures associated with the Elaine #1 Well, including without limitation the following: all tubing, casing, and other equipment in the wellbores, wellhead equipment, gathering lines and surface production facilities.

THE FOLLOWING DESCRIBED LEASES

County	Lessor	Lessee	Volume /Page	Effective Date
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Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411/532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of Estate of Barry L. Buechner, Deceased	TLPC Holdings, Ltd.	5411/540	11/18/2013
Grayson	Kennedy & Minshew, PC	TLPC Holdings, Ltd.	5049/747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061/139	9/30/2011
Grayson	Louie A. Hattensy, Jr.	TLPC Holdings, Ltd.	5057/937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031/870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031/846	9/30/2011
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EXHIBIT A-3

to

WELLBORE ASSIGNMENT, CONVEYANCE AND BILL OF SALE

Property Description:

1. The William #1H Well (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of the Section 26, Block 1, 11, 15, 16, JM Dodgin Survey, Abstract 378, Grayson County, Texas.
2. All personal property and fixtures associated with the William #1H Well, including without limitation the following: all tubing, casing, and other equipment in the wellbores, wellhead equipment, gathering lines and surface production facilities.

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Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031/854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031/862	9/30/2011
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Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031/390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034/673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034/665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036/856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031/406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031/414	9/30/2011
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Grayson	LaJuan Odle	Matthew Avery	4760/92	1/30/2007
Grayson	Pottsboro Church of Christ	Matthew Avery	4983/321	4/10/2011
Grayson	Vurlas Land Wilson, a/ka Verlas Lane Wilson and Margorie Marie Wilson	Matthew Avery	4296/469	4/27/2007
Grayson	John Robert Hooper	Paradise Springs, LLC	4993/305	2/12/2011
Grayson	Berdine Eberhart and Tom Eberhart	Matthew Avery	4296/441	4/27/2007
Grayson	Terry Lee Garofalo	Matthew Avery	4980/144	1/2/2011
Grayson	Ann W. Tracy, Trustee under the Ann W. Tracy Revocable Trust dated January 8, 1991	Matthew Avery	4296/457	6/27/2007
Grayson	Ilva Wilson, Ind and as Trustee of the JamesM. Wilson Jr and Ilva Wilson Family Trust	Matthew Avery	4297/46	6/27/2007
Grayson	Bobby C Wilson	Matthew Avery	4296/461	6/27/2007
Grayson	Peggy Ann Gehrig	Matthew Avery	4296/449	6/27/2007
Grayson	Thomas J. Wilson	Matthew Avery	4296/466	6/27/2007

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Lee Marjorie Hooper	Matthew Avery	4296/454	4/27/2007
Grayson	Berdine Eberhart and Tom Eberhart	Matthew Avery	4296/441	4/27/2007
Grayson	Terry Lee Garofalo	Matthew Avery	4296/445	4/27/2007
Grayson	Anadarko E&P Onshore, LLC	Paradise Springs, LLC	5355/704	8/28/2013
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5274/698	3/15/2013
Grayson	PCP Trust, Phillip C. Brown, Trustee and Philip Charles Brown	Paradise Springs, LLC	5274/701	3/15/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5367/400	9/10/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5002/826	8/21/2011
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5002/830	8/21/2011
Grayson	Philip C. Brown, aka Philip Charles Brown; PCB Trust	Paradise Springs, LLC	5002/834;838	8/21/2011

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, L.P.,	§	Case No. 17-40179
	§	Chapter 7
DEBTOR.	§	

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL 2014,	§	Case No. 17-40180
L.P.,	§	Chapter 7
	§	
DEBTOR.	§	

AFFIDAVIT OF JASON R. SEARCY
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019

STATE OF TEXAS	§
	§
COUNTY OF GREGG	§

BEFORE ME, the undersigned authority, on this day personally appeared Jason R. Searcy, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Jason R. Searcy. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas, the United States Fifth Circuit Court of Appeals and the United States Supreme Court. I am the Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 ("Payson Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 and based on my best belief and information, the

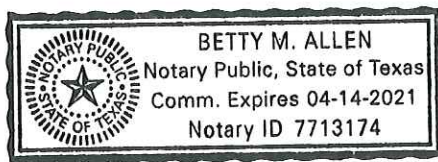
proposed settlement obtains for the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

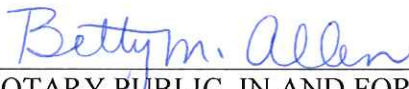
Further, Affiant sayeth not.



Jason R. Searcy
Payson Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this 20th day of Sept., 2017,
to certify with witness my hand and official seal.





NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, L.P.,	§	Case No. 17-40179
	§	Chapter 7
DEBTOR.	§	

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL 2014,	§	Case No. 17-40180
L.P.,	§	Chapter 7
	§	
DEBTOR.	§	

**AFFIDAVIT OF CHRISTOPHER J. MOSER
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS	§	
	§	
COUNTY OF DALLAS	§	

BEFORE ME, the undersigned authority, on this day personally appeared Christopher J. Moser, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Christopher J. Moser. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas and the United States Fifth Circuit of Appeals. I am the Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 ("LP Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 ("Motion") and based on my best belief and information, the proposed settlement

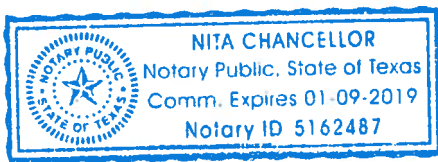
obtains for the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

It is my professional opinion that the settlement agreement reflected in the Motion is in the best interest of the estate and comports with the settlement standards of *Protective Comm. For Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. Reh'g denied, 391 U.S. 909 (1968) and of *River City vs. Herpel, (In re Jackson Brewing Co.)*, 624 F.2d 599, 602-603 (5th Cir. 1980). Accordingly, the settlement should be approved.

Further, Affiant sayeth not.


Christopher J. Moser
LP Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this 18th day of September, 2017,
to certify with witness my hand and official seal.




NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS

EXHIBIT D

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC (“Debtors”) in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment executed by 3 Well LP and the Subject Wells Assignment executed by 2014 LP, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 3 Well LP Subject Claims Assignment and Participation Agreement attached

as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

6. The 2014 LP Subject Claims Assignment and Participation Agreement attached as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

7. This Order is binding upon the Parties and all other parties in interest in accordance with the terms of the Settlement Agreement.

8. A general unsecured claim of 3 Well LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 27.7891% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

9. A general unsecured claim of 2014 LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 72.21084% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

10. The releases provided for in the Settlement Agreement are hereby approved. Upon consummation of the Settlement Agreement all claims by 3 Well LP against Payson Petroleum, Payson Operating or Maricopa except for the 2014 LP and 3 Well LP Retained Claims (as defined in the Settlement Agreement) are released. Upon consummation of the Settlement Agreement all claims of Payson Petroleum, Payson Operating and Maricopa, except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims (as defined in the Settlement Agreement) are

released.

11. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the following: (i) the 3 Well LP Avoidance Action Claims Net Recovery and the 3 Well LP Partnership Related Claims Net Recovery (as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement), and (ii) the 2014 LP Avoidance Action Claims Net Recovery and the 2014 LP Partnership Related Claims Net Recovery (as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement).

12. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the (i) 3 Well LP Avoidance Action Claims, (ii) 3 Well LP Partnership Related Claims, (iii) 2014 LP Avoidance Action Claims, and (iv) 2014 LP Partnership Related Claims, without further order of this Court.

13. Payson Petroleum is hereby appointed (i) the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement, and (ii) the representative of the 2014 LP bankruptcy estate for purposes of prosecuting the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement.

14. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 3 Well LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, or Payson/3 Well LP Partnership Related Claims as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 3 Well LP Subject Claims Assignment and

Participation Agreement or this Order.

15. Pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum has the exclusive authority to file suit, prosecute and settle the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or take any action with respect to the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims or the Payson/3 Well LP Partnership Related Claims that in its judgment would not be cost justified.

16. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 2014 LP Avoidance Action Claims, 2014 LP Partnership Related Claims, or Payson/2014 LP Partnership Related Claims as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement by virtue of either parties entry into the 2014 LP Subject Claims Assignment and Participation Agreement or this Order.

17. Pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or take any action with respect to the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims or the Payson/2014 LP Partnership Related Claims that in its judgment would not be cost justified.

18. The Debtors and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance

with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

19. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

SUBMITTED BY:

/s/ Blake Hamm

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

AGREED TO IN FORM AND SUBSTANCE BY:

/s/ Blake Hamm

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
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(713) 335-4800
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**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

/s/ Keith W. Harvey

Keith W. Harvey
State Bar No. 09180100
THE HARVEY LAW FIRM, P.C.
6510 Abrams Road
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Dallas, Texas 75231
(972) 243-3960 Phone
(972)-241-3970 Facsimile

**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION



IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, L.P.,	§	Case No. 17-40179
	§	
DEBTOR.	§	Chapter 7

JOINT MOTION TO APPROVE COMPROMISE AND SETTLEMENT PURSUANT
TO BANKRUPTCY RULE 9019

NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AND SERVED UPON THE PARTY FILING THIS PLEADING WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH OBJECTION. IF NO OBJECTION IS TIMELY SERVED AND FILED, THIS PLEADING SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF AN OBJECTION IS FILED AND SERVED IN A TIMELY MANNER, THE COURT WILL THEREAFTER SET A HEARING. IF YOU FAIL TO APPEAR AT THE HEARING, YOUR OBJECTION MAY BE STRICKEN. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

TO THE HONORABLE BRENDA RHOADES, U. S. BANKRUPTCY JUDGE:

COME NOW Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 (the “Payson Trustee”) and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 (the “LP Trustee”) to file their *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* (the “Joint Motion to Compromise”), and in support thereof, respectfully show unto the Court the following:

I. PROCEDURAL STATUS

1. Payson Debtor Bankruptcy Filings. On June 10, 2016, Payson Petroleum, Inc. (“Payson Petroleum”), Payson Operating, LLC (“Payson Operating”), and Maricopa Resources, LLC (“Maricopa”) filed voluntary petitions under Chapter 7 of the United States Bankruptcy Code (the “Bankruptcy Code”) in this Bankruptcy Court.¹ See Docket No. 1 in Bankruptcy Case Nos. 16-41043, 16-40144, and 16-40145. On July 12, 2016, the Bankruptcy Court entered orders converting the Payson Debtors’ bankruptcy cases to cases under Chapter 11 of the Bankruptcy Code. See Docket No. 39 in Case No. 16-41043, Docket No. 33 in Case No. 16-40144, and Docket No. 41 in Case No. 16-40145. On July 18, 2016, the Bankruptcy Court entered orders approving the United States Trustee’s applications to appoint the Payson Trustee as the Chapter 11 Trustee in the Payson Debtors’ bankruptcy cases. See Docket No. 55 in Case No. 16-41043, Docket No. 50 in Case No. 16-40144, and Docket No. 57 in Case No. 16-41045. On August 11, 2016, the Bankruptcy Court ordered the joint administration of the Payson Debtors’ bankruptcy cases under Case No. 16-41044. See Docket No. 75 in Case No. 16-41043, Docket No. 73 in Case No. 16-41044, and Docket No. 81 in Case No. 16-41045.

2. Adversary Proceeding. On November 1, 2016, the Payson Trustee filed his *Complaint to Avoid and Recover Transfers Pursuant to 11 U.S.C. §§ 548, 547, and 550* in Adversary Proceeding No. 16-04106 (the “Adversary Proceeding”) against Payson Petroleum 3 Well, LP (“3 Well LP”) and Payson Petroleum 3 Well 2014, L.P. (“2014 LP”).

3. LP Debtor Bankruptcy Filings. On January 31, 2017, 3 Well LP and 2014 LP (collectively, the “LP Debtors”) filed voluntary petitions under Chapter 7 of the Bankruptcy Code. See Docket No. 1 in Case No. 17-40179 and Docket No. 1 in Case No. 17-40180. LP Trustee was

¹ Collectively, Payson Petroleum, Payson Operating, and Maricopa are the “Payson Debtors.”

appointed as Chapter 7 Trustee for the LP Debtors.

4. Stay Issues. On February 21, 2017, LP Trustee filed his *Certificate of Notice of Bankruptcy Filing and Stay* in the Adversary Proceeding. See Docket No. 24 in Adversary Proceeding. On June 21, 2017, the Bankruptcy Court entered its *Agreed Order Granting Motion to Lift Stay* in LP Debtor's bankruptcy cases which, *inter alia*, provides that the parties are "granted relief from the automatic stay ... to continue with and fully litigate claims that are or could be pled" in the Adversary Proceeding. Docket No. 26 in Case No. 17-40180 and Docket No. 29 in Case No. 17-40179.

5. Amended Complaint. On July 13, 2017, Payson Trustee filed his *First Amended Complaint* in the Adversary Proceeding. See Docket No. 25 in Adversary Proceeding.

6. Jurisdiction & Venue. This Court has jurisdiction over the subject matter of this Joint Motion to Compromise pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

II. FACTUAL BACKGROUND

7. Nature of Payson Debtors' Businesses. Matthew C. Griffin ("Griffin") formed Payson Petroleum in 2008 to, *inter alia*, (i) promote the sale of interests in limited partnerships and (ii) operate oil and gas wells for such limited partnerships. Griffin formed Payson Operating in 2010 to act as a contract operator for Payson Petroleum. Griffin formed Maricopa in 2012 to, *inter alia*, engage in the acquisition and sale of Grayson County, Texas oil and gas leases.

8. Nature of 3 Well LP's Business. Payson Petroleum Grayson, LLC formed 3 Well LP in 2013 to, *inter alia*, drill, complete, and own interests in the Subject Wells.

9. Turnkey Agreements. On or about October 13, 2013, Payson Petroleum and 3 Well LP entered into a Subscription Turn Key Agreement under which 3 Well LP agreed to pay Payson

Petroleum certain amounts for the drilling and completion of the Subject Wells (the “Turnkey Agreement”). In the Adversary Proceeding, Payson Petroleum asserts a claim for breach of the Turnkey Agreement against 3 Well LP in the amount of \$17,115,777 (the “Breach of Turnkey Agreement Claim”).

10. Working Interest Assignments. On or about Marcy 28, 2016, Maricopa assigned certain interests in the William #1H (API # 181-31557), Crowe #2 (API #181-31543), and Elaine #1 (API #181-31547) (collectively the “Subject Wells”) to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066. The working interests assigned are set forth below:

Subject Well	Assignee	Working Interest Assigned
Williams #1H Well	2014 LP	72.210840%
Williams #1H Well	3 Well LP	27.789160%
Crowe #2 Well	2014 LP	72.210840%
Crowe #2 Well	3 Well LP	27.789160%
Elaine #1 Well	2014 LP	72.210840%
Elaine #1 Well	3 Well LP	27.789160%

(collectively the “Working Interest Assignments”). In the Adversary Proceeding, Maricopa asserts claims under 11 U.S.C. §§ 547, 548, and 550 and Chapter 24 of the Texas Business and Commerce Code against 3 Well LP for avoidance of the Working Interest Assignments and recovery of the interests transferred to 3 Well LP or their value. Post-bankruptcy petition production revenue attributable to the Working Interest Assignments has been held by Traton Operating Company (“Traton”), the Payson Trustee’s approved contract operating company.

11. Additional Avoidable Transfers. In addition to the Working Interest Assignments, Payson Petroleum transferred \$1,274,310 to 3 Well LP in January 2014 in exchange for interests

in 3 Well LP that Payson Petroleum knew or should have known were worth far less than the amounts transferred (the “Investment Transfer”). In the Adversary Proceeding, the Payson Trustee asserts claims under 11 U.S.C. § 544 and 550 and Chapter 24 of the Texas Business and Commerce Code to avoid and recover the Investment Transfer from 3 Well LP (the “Investment Transfer Claim”).

III. **PROPOSED SETTLEMENT**

12. The Payson Trustee, Payson Debtors, LP Trustee, and LP Debtors have reached a settlement of issues asserted in the Adversary Proceeding and other claims that have or could have been asserted between the parties. Attached hereto as **Exhibit A** is a copy of the Settlement Agreement.²

13. **Agreed Final Judgment.** As explained in the Settlement Agreement, the parties will resolve the Adversary Proceeding by filing a Joint Motion for Entry of Agreed Final Judgment and will use their best efforts to have the Agreed Final Judgment entered by the Bankruptcy Court. The Agreed Final Judgment will, *inter alia*, provide that the Wellbore Interest Assignments are avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B) and grant judgment in favor of Payson Petroleum on its Breach of Turnkey Agreement Claim against 3 Well LP in the amount of \$8,557,888.50. *See* Exhibit 3 to Settlement Agreement.

14. **Conveyance of Interests in Subject Wells.** 3 Well LP and 2014 LP will reassign the avoided interests in the Subject Wells to Maricopa, which will continue to be operated by Traton until Maricopa sells those interests under 11 U.S.C. § 363. As explained in further detail

² To the extent of any inconsistency between the Settlement Agreement and the summary of that agreement set forth in this Joint Motion to Compromise, the terms of the Settlement Agreement control. This outline is not intended to repeat all terms of the Settlement Agreement and persons reading this Joint Motion to Compromise are encouraged to read the Settlement Agreement. Capitalized Terms used but not otherwise defined herein have the meaning ascribed to them in the Joint Motion to Compromise or the Settlement Agreement as applicable.

in the Settlement Agreement, the net proceeds obtained from the operation and sale of the Subject Wells (defined in the Settlement Agreement as the Subject Wells Net Proceeds) will be distributed as follows: (i) 55% to Maricopa, (ii) 32.4945% to 2014 LP, and (iii) 12.5055% to 3 Well LP. Maricopa will retain a \$50,000 Operating Reserve to satisfy costs related to operation of the Subject Wells.

15. Allowed Claims. The Settlement Agreement also provides that the parties will agree to the following allowed unsecured claims:

- Payson Petroleum shall hold an allowed unsecured claim in the 2014 LP bankruptcy case in the amount of \$2,671,900.50; and
- 3 Well LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement.

16. Prosecution of and Participation in Avoidance Action Claims. The Settlement Agreement further provides that the parties will enter into the 3 Well LP Subject Claims Assignment and Participation Agreement (the “Claims Assignment and Participation Agreement”). Pursuant to the Claims Assignment and Participation Agreement 3 Well LP will assign a fifty percent (50%) interest in net recoveries from litigation of 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims, as defined in the Claims Assignment and Participation Agreement, with 3 Well LP retaining the remaining fifty percent (50%) interest. Payson Petroleum shall be granted standing to prosecute 3 Well LP Avoidance Action Claims and Partnership Related Claims in the 3 Well LP bankruptcy case, and 3 Well LP shall enter into an engagement agreement with special litigation counsel for the Payson Trustee to prosecute such claims for the benefit of the Payson Petroleum and 3 Well LP bankruptcy estates.

17. Releases. Except for claims expressly reserved in the Settlement Agreement, all claims or causes action between the parties will be released.

IV. RATIONALE

18. Benefit to Maricopa Estate. The Maricopa bankruptcy estate receives the following benefits from the settlement:

- the interests assigned to 3 Well LP via the Working Interest Assignments will be reassigned to Maricopa, and Maricopa will 55% of the Subject Wells Net Proceeds, plus a \$50,000 Operating Reserve to satisfy costs associated with operation of the Subject Wells; and
- except for claims expressly preserved under the Settlement Agreement, Maricopa's bankruptcy estate is released from claims which have been or could have been asserted against Maricopa by 3 Well LP.

19. Benefit to Payson Petroleum Estate. The Payson Petroleum bankruptcy estate receives the following benefits from the settlement:

- an allowed general unsecured claim in the 3 Well LP bankruptcy case in the amount of Eight Million Five Hundred Fifty-Seven Thousand Eight Hundred Eighty-Eight and 50/100 U.S. Dollars (\$8,557,888.50) on account of Payson Petroleum's Breach of Turnkey Agreement claim against 3 Well LP;
- Payson Petroleum is (i) granted standing and authority to enforce and prosecute 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims (the "Subject Claims") and (ii) will hold a fifty percent (50%) participation interest in net recoveries from the Subject Claims as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, Payson Petroleum's bankruptcy estate is released from claims which have been or could have been asserted against Payson Petroleum by 3 Well LP.

20. Benefit to Payson Operating Estate. Except for claims expressly preserved under the Settlement Agreement, Payson Operating's bankruptcy estate is released from claims which have been or could have been asserted against Payson Operating by 3 Well LP.

21. Benefit to 3 Well LP Estate. The 3 Well LP bankruptcy estate receives the following benefits from the settlement:

- 3 Well LP will obtain 12.5055% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;
- 3 Well LP will retain a fifty percent (50%) interest in all 3 Well LP Avoidance Action Claims Net Recovery and 3 Well LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, 3 Well LP's bankruptcy estate is released from claims which have been or could have been asserted against 3 Well LP by Payson Petroleum, Payson Operating, and/or Maricopa.

V. **RELIEF REQUESTED**

22. The Payson Trustee and LP Trustee respectfully request that the Court approve the proposed Settlement Agreement attached hereto as Exhibit A and grant them such other and further relief to which they may be entitled.

VI. **BASIS FOR RELIEF**

23. Bankruptcy Courts are “empowered to approve a compromise settlement of a debtor’s claim under Bankruptcy Rule 9019(a).” *Official Comm. of Unsecured Creditors v. Cajun Electric Power Coop., Inc. (In re Cajun Elec. Power Coop., Inc.)*, 119 F.3d 349, 355 (5th Cir. 1997). “Approval should only be given if the settlement is fair and equitable and in the best interest of the estate.” *Id.* (internal quotes & cite omitted). “In deciding whether a settlement of litigation is fair and equitable, a judge in bankruptcy must make a well-informed decision, ‘comparing the terms of the compromise with the likely rewards of litigation.’” *Id.* at 356 (quoting *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980)). Courts consider the

following factors in determining whether a settlement is fair and equitable “(1) [t]he probability of success in the litigation, with due consideration for the uncertainty in fact and law, (2) [t]he complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (3) all other factors bearing on the wisdom of the compromise.” *Id.*

24. The factors support granting the Joint Motion to Compromise. First, the disputes are hotly contested and would require lengthy and likely expensive litigation to resolve, and the Settlement Agreement was reached after good-faith, contentious, and arms-length negotiations. The Payson Trustee and LP Trustee desire to avoid lengthy litigation between the respective bankruptcy estates so they can focus on enhancing the value of those estates for the benefit of creditors. Litigation would be expensive and involve, *inter alia*, complex factual issues regarding the value of the property transferred and solvency of the various bankruptcy estates. The Settlement Agreement, on the other hand, allows the Payson Trustee to distribute hydrocarbon proceeds currently held in suspense and initiate a sales process to monetize the Subject Wells for the benefit of creditors of Maricopa and 3 Well LP. Additionally, the Settlement Agreement (i) reduces 3 Well LP’s liability for failing to pay Payson Petroleum amounts owed under the Turnkey Agreement by fifty percent (50%), (ii) provides an arrangement for coordinated prosecution of avoidance actions and sharing in the proceeds of the same, and (iii) eliminates the potential that the LP Trustee and Payson Trustee would pursue substantially similar claims against partners of 3 Well LP in different proceedings and forums. In sum, the Payson Trustee and LP Trustee believe the Settlement Agreement is in the best interests of their respective bankruptcy estates and should be approved. *See* Affidavit of Jason R. Searcy, attached as **Exhibit B** and Affidavit of Christopher J. Moser, attached as **Exhibit C**.

25. A proposed agreed order is attached hereto as **Exhibit D**.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Jason R. Searcy, Chapter 11 Trustee for the bankruptcy estates of Payson Petroleum, Inc., Payson Operating, LLC, and Maricopa Resources, LLC and Christopher J. Moser, Chapter 7 Trustee for the bankruptcy estate of Payson Petroleum 3 Well, L.P. respectfully request that the Court approve the Agreement and grant them such other and further relief to which they may be justly entitled.

Dated: September 21, 2017

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CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* was duly served as follows:

- On September 21, 2017 via the Court's electronic case filing system for the Eastern District of Texas upon all parties requesting electronic notice of all filings or by email as listed below.
- On September 21, 2017 via first class mail, properly addressed and postage prepaid, upon all parties listed on the Service List attached hereto.

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Dallas, TX 75201-3070

(d)Jason R. Searcy
P. O. Box 3929
Longview, TX 75606-3929

End of Label Matrix
Mailable recipients 340
Bypassed recipients 5
Total 345

SETTLEMENT AGREEMENT

This Settlement Agreement (the “Agreement”) is entered into as of September 20, 2017 by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee for the Searcy Bankruptcy Cases, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee for the Moser Bankruptcy Cases, referred to individually herein as a “Party” and collectively as, the “Parties.”

R E C I T A L S

WHEREAS, Christopher J. Moser is the duly appointed Chapter 7 Trustee in the 3 Well LP Bankruptcy Case and the 2014 LP Bankruptcy Case.

WHEREAS, Jason R. Searcy is the duly appointed Chapter 11 Trustee in the Payson Petroleum Bankruptcy Case, the Payson Operating Bankruptcy Case and the Maricopa Bankruptcy Case.

WHEREAS, on or about October 10, 2013, Payson Petroleum and 3 Well LP entered into a Subscription Turn Key Agreement under which 3 Well LP agreed to pay Payson certain amounts for the drilling and completion of the Subject Wells.

WHEREAS, on or about January 12, 2014, Payson Petroleum and 2014 LP entered into a Subscription Turn Key Agreement under which 2014 LP agreed to pay Payson Petroleum certain amounts for the drilling and completion of the Subject Wells.

WHEREAS, on or about March 28, 2016, Maricopa assigned certain interests in the Subject Wells to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066. The working interests assigned are set forth below:

Subject Well	Assignee	Working Interest Assigned
Williams #1H Well	2014 LP	72.210840%
Williams #1H Well	3 Well LP	27.789160%
Crowe #2 Well	2014 LP	72.210840%
Crowe #2 Well	3 Well LP	27.789160%
Elaine #1 Well	2014 LP	72.210840%
Elaine #1 Well	3 Well LP	27.789160%

WHEREAS, on November 1, 2016, suit was filed against 3 Well LP and 2014 LP in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) and asserts, *inter alia*, (i) breach of contract claims against 3 Well LP and 2014 LP to recover amounts owed under

“Settlement Approval Orders” means Orders, substantially in the form attached hereto as **Exhibit 6**, granting the relief requested in the Settlement Motion which is to be filed in each of the Bankruptcy Cases.

“Settlement Motions” means the Joint Motions for Approval of Settlement and Compromise, substantially in the form attached hereto as **Exhibit 7**, which are to be filed in each of the Bankruptcy Cases.

“Settlement Transaction Documents” means the Operating Agreement, Agreed Final Judgment, the Joint Motion for Entry of Agreed Final Judgment, Settlement Approval Order, Settlement Motions, 3 Well LP Subject Claims Assignment and Participation Agreement, 2014 LP Subject Claims Assignment and Participation Agreement, and any other documents and instruments entered into in connection with this Agreement.

“Subject Wells” mean, collectively, the William #1H (API # 181-31557), the Crowe #2 (API #181-31543), and the Elaine #1 (API #181-31547) oil and gas wells and related leasehold interests.

“Subject Wells Account” means a segregated account established by Jason Searcy as Chapter 11 Trustee of Maricopa at a commercial banking institution.

“Subject Wells Assignments” means assignments in the forms attached hereto as **Exhibit 8**.

“Subject Wells Net Proceeds” means the (i) Subject Wells Net Production Proceeds, plus (ii) Subject Wells Net Sales Proceeds, minus (iii) Direct Taxes and the Operating Reserve, as determined on a cumulative basis.

“Subject Wells Net Production Proceeds” means the amount (computed on a cumulative basis) by which the gross proceeds received by Maricopa from the sale of the Subject Wells Hydrocarbons exceeds Operating Costs, and the Operating Reserve.

“Subject Wells Net Sales Proceeds” means the amount by which the gross proceeds from the sale of the Subject Wells exceeds Marketing Expenses, Subject Wells Operating Costs and valid perfected liens which are not subject to avoidance pursuant to Chapter 5 of the Bankruptcy Code, as determined by an order entered in the Bankruptcy Cases.

“Subject Wells Operating Costs” means all expenses incurred in connection with (i) insuring, operating, producing, reworking and maintaining the Subject Wells, (ii) materials, supplies, equipment and other personal property and fixtures purchased for use and actually used on, or direction in connection with the Subject Wells, (iii) gathering, treating, processing, transportation and marketing hydrocarbons produced from the Subject Wells, (iv) plugging, abandonment and remediation (including the Operating Reserve), and (v) Operator fees and expenses related to the Subject Wells.

“Suspended Revenues” mean the Subject Wells Net Production Proceeds as of the

Closing Date less the Operating Reserve.

1.02 Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein, the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document. Nothing contained in this Agreement will be construed to authorize any renewal, extension, modification, amendment or restatement of this Agreement or any agreement, instrument or document referred to herein.

1.03 References and Titles. All references in this Agreement to Exhibits, Articles, Sections, subsections and other subdivisions refer to the Exhibits, Articles, Sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only, do not constitute any part of those subdivisions and will be disregarded in construing the language contained in those subdivisions. The words “this Agreement,” “this instrument,” “herein,” “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases “this section” and “this subsection” and similar phrases refer only to the sections or subsections of this Agreement in which those phrases occur. The word “or” is not exclusive; the word “including” (in its various forms) means “including without limitation.” Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time; (b) any reference herein to any person shall be construed to include such person's successors and assigns (subject to the restrictions contained herein); (c) with respect to the determination of any time period, the word “from” means “from and including” and the word “to” means “to and including;” and (d) all dollar amounts refer to United States dollars. A reference herein to a number of “days” will be intended to refer to that number of calendar (as opposed to working) days, unless otherwise specifically provided. No provision of this Agreement or the Settlement Transaction Documents shall be interpreted or construed more strictly against any person solely because such person or its legal representative drafted such provision.

ARTICLE 2

Settlement Motions and Settlement Approval Orders

2.01 Execution Date Deliveries. On the Execution Date, each Party shall execute and deliver to the other Parties the following:

- The Settlement Motions;
- The proposed form of Settlement Approval Orders;
- The Joint Motion for Entry of Agreed Final Judgment; and

- The proposed form of Agreed Final Judgment.

2.02 Filing of Motions. Counsel for Payson Petroleum, Payson Operating and Maricopa shall cause the Settlement Motions and proposed Settlement Approval Orders to be filed in the respective Bankruptcy Cases. Counsel for Payson Petroleum, Payson Operating and Maricopa shall cause the Joint Motion for Entry of Agreed Final Judgment and proposed form of Agreed Final Judgment to be filed in the Adversary Proceeding.

2.03 Prosecution of Motions. Each Party shall cooperate with the other Parties and use their good faith best efforts to support entry by the Bankruptcy Court of (i) the Settlement Approval Orders, and (ii) the Agreed Final Judgment. The Parties stipulate that 2014 LP and 3 Well LP consent to entry of the Agreed Final Judgment is subject to Bankruptcy Court approval of the Settlement Motions.

ARTICLE 3

Closing

3.01 Time and Place. The Closing on the transactions contemplated in this Agreement shall be conducted within three (3) Business Days after entry of the Settlement Approval Orders (the "Closing Date") at the office of Snow Spence Green LLP located at 2929 Allen Parkway, Suite 2800, Houston, Texas 77019 or such later date as may be agreed upon by the Parties (the "Closing").

3.02 Delivery by Maricopa to 3 Well LP. On the Closing Date, Maricopa shall deliver to 3 Well LP the following: (a) a sum equal to 27.79% of forty-five percent (45%) of the Suspended Revenues by wire transfer to the following account.

BOK Financial
7500 College Blvd., Ste. 1450
Overland Park, KS 66210
ABA: 101015101
Account Name: Payson Petroleum 3 Well, L.P.
Account Number: 1151505797

3.03 Delivery by Maricopa to 2014 LP. On the Closing Date, Maricopa shall deliver to 2014 LP the following: (a) a sum equal to 72.21% of forty-five percent (45%) of the Suspended Revenues by wire transfer to the following account.

BOK Financial
7500 College Blvd., Ste. 1450
Overland Park, KS 66210
ABA: 101015101
Account Name: Payson Petroleum 3 Well 2014, L.P.
Account Number: 1151505775

3.04 Delivery by 3 Well LP to Maricopa. On the Closing Date, 3 Well LP shall assign all right, title and interests in 55% of the Suspended Revenues and deliver to Maricopa the duly executed Subject Wells Assignments.

3.05 Delivery by 2014 LP to Maricopa. On the Closing Date, 2014 LP shall assign all right, title and interests in 55% of the Suspended Revenues and deliver to Maricopa the duly executed Subject Wells Assignments.

3.06 Delivery by 3 Well LP to Payson Petroleum. On the Closing Date, 3 Well LP shall deliver to Payson Petroleum the duly executed 3 Well LP Subject Claims Assignment and Participation Agreement.

3.07 Delivery by 2014 LP to Payson Petroleum. On the Closing Date, 2014 LP shall deliver to Payson Petroleum a duly executed 2014 LP Subject Claims Assignment and Participation Agreement.

3.08 Delivery by Payson Petroleum to 3 Well LP. On the Closing Date, Payson Petroleum shall deliver to 3 Well LP a duly executed 3 Well LP Subject Claims Assignment and Participation Agreement.

3.09 Delivery by Payson Petroleum to 2014 LP. On the Closing Date, Payson Petroleum shall deliver to 2014 LP a duly executed 2014 LP Subject Claims Assignment and Participation Agreement.

ARTICLE 4

Claims Stipulations and Releases

4.01 Allowed Claims of Payson Petroleum. The Parties stipulate and agree to allowance of (i) a general unsecured claim of Payson Petroleum in the 3 Well LP Bankruptcy Case in the amount of \$8,557,888.50, and (ii) a general unsecured claim of Payson Petroleum in the 2014 LP Bankruptcy Case in the amount of \$2,671,900.50.

4.02 Allowed Claim of 3 Well LP. The Parties stipulate and agree to allowance of a general unsecured claim of 3 Well LP in the Maricopa Bankruptcy Case in an amount equal to 27.78916% of the Subject Wells Net Proceeds actually disbursed to Maricopa pursuant to this Agreement.

4.03 Allowed Claim of 2014 LP. The Parties stipulate and agree to allowance of a general unsecured claim of 2014 LP in the Maricopa Bankruptcy Case in an amount equal to 72.21084% of the Subject Wells Net Proceeds actually disbursed to Maricopa pursuant to this Agreement.

4.04 Release by 2014 LP and 3 Well LP. Effective as of the Closing Date, 2014 LP and 3 Well LP (except for the 2014 LP and 3 Well LP Retained Claims as defined in this section) hereby release, waive, and discharge Payson Petroleum, Payson Operating, Maricopa, the Operator and the bankruptcy estates of Payson Petroleum, Payson Operating and Maricopa, from and against any and all liabilities, claims, rights, debts, causes of action, suits, matters, issues, damages, costs, injuries and demands whatsoever, whether at law or in equity, whether by contract or tort, at law or under any statute, known or unknown, discovered or undiscovered, accrued or unaccrued, liquidated or non-liquidated, contingent or absolute, which 2014 LP and/or 3 Well LP ever had or now has, or may hereafter have, either directly or indirectly, individually, representatively, derivatively, by virtue of subrogation, or by virtue of any action, inaction, matter, event, representation or circumstances, transactions or occurrences prior to the Closing Date (“2014 LP and 3 Well LP Released Claims”). Notwithstanding the foregoing, the release provided for in this section does not extend to or include (i) allowed unsecured claims set forth in Sections 4.02 and 4.03, and (ii) the contractual obligations of Payson Petroleum, Payson Operating and Maricopa pursuant to this Agreement and the Settlement Transaction Documents (“2014 LP and 3 Well LP Retained Claims”).

4.05 Release by Payson Petroleum, Payson Operating and Maricopa. Effective as of the Closing Date, Payson Petroleum, Payson Operating and Maricopa (except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims as defined in this section), hereby release, waive, and discharge 2014 LP and 3 Well LP and the bankruptcy estates of 2014 LP and 3 Well LP, from and against any and all liabilities, claims, rights, debts, causes of action, suits, matters, issues, damages, costs, injuries and demands whatsoever, whether at law or in equity, whether by contract or tort, at law or under any statute, known or unknown, discovered or undiscovered, accrued or unaccrued, liquidated or non-liquidated, contingent or absolute, which Payson Petroleum, Payson Operating and/or Maricopa ever had or now has, or may hereafter have, by virtue of any action, inaction, matter, event, representation or circumstances, transactions or occurrences prior to the Closing Date. Notwithstanding the foregoing, the release provided for in this section does not extend to or include (i) allowed unsecured claims set forth in Section 4.01, and (ii) the contractual obligations of 2014 LP and 3 Well LP pursuant to this Agreement and the Settlement Transaction Documents, (iii) claims and causes of action against any general partner or limited partner of 2014 LP or 3 Well LP, (iv) the Payson/3 Well LP Partnership Related Claims (as that term is defined in the 3 Well LP Subject Claims Assignment and Participation Agreement), (v) the Payson/2014 LP Partnership Related Claims (as that term is defined in the 2014 LP Subject Claims Assignment and Participation Agreement), and (vi) all rights with respect to all of the above, including as to third parties (“Payson Petroleum, Payson Operating and Maricopa Retained Claims”).

ARTICLE 5

Operation of Subject Wells

5.01 Operator. Traton Operating Company (an affiliate of Traton Engineering Associates, L.P.) (“Traton”) shall serve as contract operator of the Subject Wells in accordance with the terms of the Operating Agreement until such time as Traton either resigns as Operator or

is removed as Operator by the unanimous decision of Maricopa, 2014 LP and 3 Well LP. Effective as of the Closing Date, 2014 LP and 3 Well LP ratify and agree to be bound by the terms of the Operating Agreement.

5.02 Operation Standards. The Parties agree that Operator shall not be liable for any act or omission taken or omitted to be taken in its capacity as Operator of the Subject Wells, other than acts or omissions resulting from Operator's willful misconduct, gross negligence, or fraud. The Operator may, in connection with the performance of its operation of the Subject Wells, and in its sole absolute discretion, consult with Payson Operating and/or Payson Operating's attorneys, accountants and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such professionals. Notwithstanding such authority, the Operator shall be under no obligation to consult with Payson Operating and/or Payson Operating's the attorneys, accountants, or agents, and its determination to not do so shall not result in imposition of liability on the Operator unless such determination is based on willful misconduct, gross negligence, or fraud. The bankruptcy estates of Maricopa, 3 Well LP, and 2014 LP shall, JOINTLY AND SEVERALLY, indemnify and hold harmless the Operator and his or her agents, representatives, professionals, and employees ("Operator Group") from and against and in respect to any and all liabilities, losses, damages, claims, costs, and expenses, including, but not limited to attorneys' fees and costs arising out of or due to Operator Group's actions or omissions, or consequences of such actions or omissions, with respect to the operation of the Subject Wells, irrespective of cause or negligence; provided, however, that no such indemnification will be made to the Operator Group for such actions or omissions as a result of willful misconduct, gross negligence, or fraud.

ARTICLE 6

Subject Wells Net Proceeds

6.01 Establishment of Accounts. Within ten (10) Business Days following the Closing Date, Maricopa shall establish the Subject Wells Account.

6.02 Deposits into Subject Wells Account. Except to the extent otherwise ordered by the Bankruptcy Court, Maricopa shall deposit into the Subject Wells Account (i) the gross proceeds which it receives from the sale of Hydrocarbons produced from the Subject Wells, and (ii) the Subject Wells Net Sales Proceeds.

6.03 Operating Costs. Maricopa shall satisfy Subject Wells Operating Costs out of funds deposited in the Subject Wells Account.

6.04 Disbursement of Subject Wells Net Proceeds. Unless otherwise ordered by the Bankruptcy Court, within forty-five (45) days of the end of each calendar quarter, the Subject Wells Net Proceeds on deposit in the Subject Wells Account shall be disbursed as follows:

- (a) 55% to Maricopa;
- (b) 32.4945% to 2014 LP; and

(c) 12.5055% to 3 Well LP.

6.05 Accounting and Reporting. Within thirty (30) days of the end of each calendar month, the Operator shall provide the Parties with a report itemizing (i) Subject Wells Operating Costs and proceeds received by Maricopa from the sale of the Subject Wells Hydrocarbons, and, (ii) Marketing Expenses and, if applicable, the proceeds from the sale of the Subject Wells.

ARTICLE 7

Marketing and Sales of Subject Wells

7.01 Covenant to Market and Sell Subject Wells. Maricopa will exert good faith commercially reasonable efforts to market and sell the Subject Wells.

7.02 Information. Maricopa will promptly provide a copy of any offer it receives to purchase the Subject Wells to 2014 LP and 3 Well LP.

7.03 Section 363 Sale. The Subject Wells will be sold by Maricopa under 11 U.S.C. § 363 pursuant to orders entered in the Bankruptcy Cases.

ARTICLE 8

Representations and Warranties

8.01 Review and Approval. Each Party represents to the other Party that its representatives have reviewed this Agreement together with all exhibits and they (i) understand fully the terms of this Agreement and the consequences of the issuance thereof, (ii) have been afforded an opportunity to have this Agreement reviewed by legal counsel, and (iii) have entered into this Agreement of their own free will and accord and without threat or duress.

8.02 Authority. Each Party represents to the other Party that (i) the undersigned representative is fully authorized to execute this Agreement on its behalf, and (ii) upon entry of the Settlement Approval Orders, will have full authority to consummate the transactions provided for herein.

8.03 Disclaimer. Each Party represents and warrants to the other Party that in executing and entering into this Agreement, it is not relying and has not relied upon any representation, promise or statement made by anyone which is not recited, contained or embodied in this Agreement. Each Party understands and expressly assumes the risk that any fact not recited, contained or embodied herein or therein may turn out hereafter to be other than, different from, or contrary to the facts now known to them or believed by them to be true.

ARTICLE 9

Miscellaneous

9.01 Entire Agreement. This Agreement, including all exhibits attached hereto and made a part hereof, constitute the entire agreement between the Parties with respect to the transactions contemplated hereby and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to such transactions.

9.02 Survival. All representations, warranties, covenants and agreements of the Parties made in this Agreement shall survive the execution and delivery of this Agreement until such time as all of the obligations of the signatories to such document shall have lapsed in accordance with their respective terms or shall have been discharged in full.

9.03 Waiver. No waiver by a Party of any of the provisions of this Agreement (a) shall be binding unless executed in writing by such party, (b) shall be deemed or shall constitute a waiver by such party of any other provision hereof (whether or not similar), and (c) shall not constitute a continuing waiver by such party.

9.04 Further Assurances. The Parties will take such actions and execute and deliver such other documents or agreements as may be necessary or desirable for the implementation of this Agreement and the consummation of the transactions contemplated hereby.

9.05 Notices. Any notice, request, consent, approval, waiver or other communication provided or permitted to be given under this Agreement shall be in writing and shall be delivered in person or sent by U.S. mail, overnight courier, electronic mail or fax to the appropriate addresses set forth below. Any such communication shall be effective upon actual receipt; provided, however, that in the case of delivery by fax after the normal business hours of the recipient, such communication shall be effective on the next business day following the transmission of such fax. For purposes of notice, the addresses of the Parties shall be as follows:

If to Payson Petroleum, Payson Operating or Maricopa:

Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, Texas 75605
Fax: 903.757.3399
Email: jsearcy@jsearcylaw.com

with a copy to:

Blake Hamm
Snow Spence Green LLP
2929 Allen Parkway, Suite 2800
Houston, TX 77019
Fax: 713.335.4848
Email: blakehamm@snowspencelaw.com

If to 3 Well LP or 2014 LP:

Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201
Fax: 214.871.2111
Email: cmoser@qslwm.com

with a copy to:

Keith W. Harvey
The Harvey Law Firm, P.C.
6510 Abrams Road, Ste. 280
Dallas, TX 75231
Fax: 972.241.3970
Email: harvey@keithharveylaw.com

Each Party shall have the right, upon giving ten (10) days' prior notice to the other party in the manner provided in this section, to change its address for purposes of notice.

9.06 Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas, notwithstanding any applicable conflict of laws provision. Any dispute regarding this Agreement shall be subject to mandatory venue in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

9.07 Multiple Counterparts. The Parties agree that facsimile and electronic signatures shall have the same force and effect as original signatures. This Agreement may be executed in counterparts and all counterparts so executed shall constitute one agreement which shall be binding on the Parties hereto.

9.08 Modification. This Agreement cannot be altered, changed or modified except in writing executed by a duly authorized representative for each of the Parties.

9.09 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions

of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner with respect to any Party. Upon determination of a court of competent jurisdiction that any term or other provision of this Agreement is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to affect the original intent of the Parties as closely as possible. The obligations of the Parties hereunder are severable and not joint.

9.10 Costs and Attorneys' Fees. If either Party retains an attorney in connection with any breach of this Agreement, the prevailing party is entitled to collect its reasonable costs and expenses incurred in any such suit or proceeding, including reasonable attorneys' fees.

[Signature Pages Follow]

PAYSON PETROLEUM, INC.

By: Jason R S
Jason R. Searcy, Chapter 11 Trustee

Jason R. Searcy, Chapter 11 Trustee

PAYSON OPERATING, LLC

By: Jason R. Searcy
Jason R. Searcy, Chapter 11 Trustee

Jason B. Searcy, Chapter 11 Trustee

MARICOPA RESOURCES, LLC

By: Jason R. Searcy
Jason R. Searcy, Chapter 11 Trustee

Jason R. Searcy, Chapter 11 Trustee

PAYSON PETROLEUM 3 WELL, L.P.

By: Christopher J. Moser, Chapter 7 Trustee

Christopher J. Moser, Chapter 7 Trustee

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: _____
Christopher J. Moser, Chapter 7 Trustee

Christopher J. Moser, Chapter 7 Trustee

PAYSON PETROLEUM, INC.

By: _____
Jason R. Searcy, Chapter 11 Trustee

Jason R. Searcy, Chapter 11 Trustee

PAYSON OPERATING, LLC

By: Jason R. Searcy, Chapter 11 Trustee

Jason R. Searcy, Chapter 11 Trustee

MARICOPA RESOURCES, LLC

By: Jason R. Searcy, Chapter 11 Trustee

Jason R. Searcy, Chapter 11 Trustee

PAYSON PETROLEUM 3 WELL, L.P.

By: Christopher J. Moser
Christopher J. Moser, Chapter 7 Trustee

Christopher J. Moser, Chapter 7 Trustee

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: Christopher Moser
Christopher J. Moser, Chapter 7 Trustee

Christopher J. Moser, Chapter 7 Trustee

STATE OF TEXAS §
§
COUNTY OF GREGG §

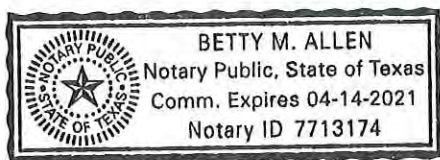
BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **PAYSON PETROLEUM, INC.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Betty M. Allen
Notary Public in and for State of Texas
My Commission Expires: 04-14-2021

STATE OF TEXAS §
§
COUNTY OF GREGG §

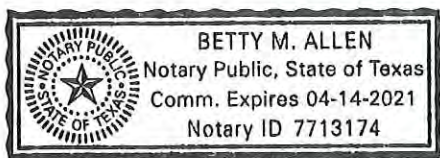
BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **PAYSON OPERATING, LLC**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Betty M. Allen
Notary Public in and for State of Texas
My Commission Expires: 04-14-2021

STATE OF TEXAS §
§
COUNTY OF GREGG §

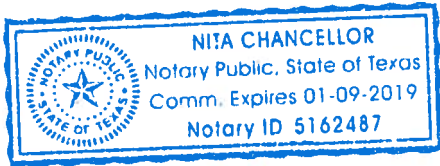
BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **MARICOPA RESOURCES, LLC**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Betty M. Allen
Notary Public in and for State of Texas
My Commission Expires: 04-14-2021

STATE OF TEXAS §
COUNTY OF Dallas §

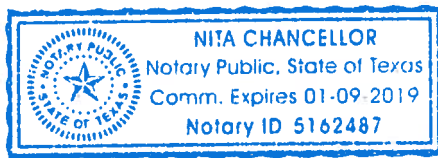
BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Christopher J. Moser, the Chapter 7 Trustee of **PAYSON PETROLEUM 3 WELL, L.P.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Nita Chancellor
Notary Public in and for State of Texas
My Commission Expires: 1-9-2019

STATE OF TEXAS §
COUNTY OF Dallas §

BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Christopher J. Moser, the Chapter 7 Trustee of **PAYSON PETROLEUM 3 WELL 2014, L.P.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Nita Chancellor
Notary Public in and for State of Texas
My Commission Expires: 1-9-2019

EXHIBIT LIST

Exhibit 1	2014 LP Subject Claims Assignment and Participation Agreement
Exhibit 2	3 Well LP Subject Claims Assignment and Participation Agreement
Exhibit 3	Agreed Final Judgment
Exhibit 4	Joint Motion for Entry of Agreed Final Judgment
Exhibit 5	Contract Operating Services Agreement
Exhibit 6	Settlement Approval Order
Exhibit 7	Settlement Motions
Exhibit 8	Subject Wells Assignments

SUBJECT CLAIMS ASSIGNMENT AND PARTICIPATION AGREEMENT
(2014 LP)

This Subject Claims Assignment and Participation Agreement (the “Agreement”) is entered into as of _____, 2017 by and between Payson Petroleum, Inc. (“Payson Petroleum”) and Payson Petroleum 3 Well 2014, L.P. (“2014 LP”), referred to individually herein as a “Party” and collectively as, the “Parties.”

R E C I T A L S

WHEREAS, Christopher J. Moser is the duly appointed Chapter 7 Trustee in the 2014 LP Bankruptcy Case (defined below).

WHEREAS, Jason R. Searcy is the duly appointed Chapter 11 Trustee in the Payson Petroleum Bankruptcy Case (defined below).

WHEREAS, 2014 LP and Payson Petroleum are parties to the Settlement Agreement (defined below) which provides for entry into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

ARTICLE 1

Definitions

1.01 **Defined Terms.** The following terms, as used in this Agreement, shall have the meanings indicated below, unless the context otherwise requires:

“2014 LP” means Payson Petroleum 3 Well 2014, L.P., Christopher J. Moser in his capacity of Chapter 7 trustee of Payson Petroleum 3 Well 2014, L.P. and the Payson Petroleum 3 Well 2014, L.P. bankruptcy estate.

“2014 LP Avoidance Action Claims” means all claims and causes of action of 2014 LP arising under Chapter 5 of the Bankruptcy Code.

“2014 LP Avoidance Action Claims Net Recovery” means any Net Recovery for or on account of the 2014 LP Avoidance Action Claims.

“2014 LP Bankruptcy Case” means Bankruptcy Case No. 17-40180 styled *In re Payson Petroleum 3 Well 2014, L.P., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“2014 LP Participation Interest” means an undivided fifty percent (50%) interest.

“2014 LP Partnership Related Claims” means all rights, claims, causes of action and

rights of contribution of 2014 LP (independent of Section 2.02 of this Agreement) against any current or former general partner or limited partner of 2014 LP, including but not limited to claims under 11 U.S.C. § 723.

“2014 LP Partnership Related Claims Net Recovery” means any Net Recovery for or on account of the 2014 LP Partnership Related Claims.

“Bankruptcy Code” means The Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, as now in effect or hereafter amended.

“Net Recovery” means the Recovery net of all expenses and fees (including Special Counsel fees) incurred in connection with investigation, prosecution and collection of the Subject Claims.

“Payson/2014 LP Partnership Related Claims” means all rights, claims and causes of action of Payson Petroleum (independent of Section 2.01 of this Agreement) against any current or former general partner or limited partner of 2014 LP.

“Payson/2014 LP Partnership Related Claims Net Recovery” means the Net Recovery for and on account of the Payson/2014 LP Partnership Related Claims.

“Payson Petroleum” means Payson Petroleum, Inc., Jason Searcy in his capacity of Chapter 11 trustee of Payson Petroleum, Inc. and the Payson Petroleum, Inc. bankruptcy estate.

“Payson Petroleum Bankruptcy Case” means Bankruptcy Case No. 16-41044 styled *In re Payson Petroleum, Inc., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“Payson Petroleum Participation Interest” means an undivided fifty percent (50%) interest.

“Recovery” means (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Parties for or on account of or in satisfaction or partial satisfaction thereof with respect to the Subject Claims.

“Settlement Agreement” means the Settlement Agreement entered into as of September ___, 2017 by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee for the Searcy Bankruptcy Cases, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee for the Moser Bankruptcy Cases.

“Settlement Approval Order” has the meaning defined in the Settlement Agreement.

“Special Counsel” means Snow Spence Green LLP.

“Special Counsel Engagement Agreements” means (i) the August 15, 2016 Engagement Letter Agreement by and between Snow Spence Green LLP and Jason R. Searcy, Chapter 11

4.02 Engagement Agreement. Snow Spence Green LLP (subject to Bankruptcy Court approval) is engaged to investigate and prosecute the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims pursuant to the terms of the Special Counsel Engagement Agreement attached as **Exhibit 2**. 2014 LP shall cause an order approving the engagement of Snow Spence Green LLP and the Special Counsel Engagement Agreement, attached as **Exhibit 2**, to be entered in the 2014 LP Bankruptcy Case.

ARTICLE 5

Application of Recoveries

5.01 Fees and Expenses. Any Recovery shall be applied first, to satisfy fees pursuant to the Special Counsel Engagement Agreements and, second, to expenses incurred by Special Counsel and Payson Petroleum in connection with investigation, prosecution and collection of the Subject Claims.

5.02 Disbursement of Net Recoveries. Payson Petroleum is hereby assigned and shall receive the Payson Petroleum Participation Interest in all (i) 2014 LP Partnership Related Claims Net Recoveries, (ii) 2014 LP Avoidance Action Claims Net Recoveries, and (iii) Payson/2014 LP Partnership Related Claims Net Recoveries. 2014 LP is hereby assigned and shall receive the 2014 LP Participation Interest in all (x) 2014 LP Partnership Related Claims Net Recoveries, (y) 2014 LP Avoidance Action Claims Net Recoveries, and (z) Payson/2014 LP Partnership Related Claims Net Recoveries.

ARTICLE 6

Miscellaneous

6.01 Settlement. Any settlement of a Subject Claim is subject to Bankruptcy Court approval.

6.02 Discretion. Payson Petroleum shall determine in its sole discretion the Subject Claims to investigate and prosecute. Subsequent to October 1, 2018, Payson Petroleum shall, upon the written request of 2014 LP, release from this Agreement and assign back to 2014 LP any 2014 LP Partnership Related Claim or 2014 LP Avoidance Action Claim which Payson Petroleum which it has determined that it will not prosecute.

6.03 Indemnification. 2014 LP hereby indemnifies and holds harmless Payson Petroleum and its agents, representatives, professionals and employees from and against and in respect to any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to, attorneys' fees and costs arising out of or due to its actions or omissions, or consequences of such actions or omissions, with respect to Payson Petroleum's investigation, management, prosecution or settlement of the Subject Claims; provided, however, that no such indemnification will be made to Payson Petroleum for actions or omissions resulting from willful misconduct, gross negligence or fraud.

6.04 Entire Agreement. This Agreement, including all exhibits attached hereto and

made a part hereof, constitute the entire agreement between the Parties with respect to the transactions contemplated hereby and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to such transactions.

6.05 Survival. All representations, warranties, covenants and agreements of the Parties made in this Agreement shall survive the execution and delivery of this Agreement until such time as all of the obligations of the signatories to such document shall have lapsed in accordance with their respective terms or shall have been discharged in full.

6.06 Waiver. No waiver by a Party of any of the provisions of this Agreement (a) shall be binding unless executed in writing by such Party, (b) shall be deemed or shall constitute a waiver by such Party of any other provision hereof (whether or not similar), and (c) shall not constitute a continuing waiver by such Party.

6.07 Further Assurances. The Parties will take such actions and execute and deliver such other documents or agreements as may be necessary or desirable for the implementation of this Agreement and the consummation of the transactions contemplated hereby.

6.08 Notices. Any notice, request, consent, approval, waiver or other communication provided or permitted to be given under this Agreement shall be in writing and shall be delivered in person or sent by U.S. mail, overnight courier, electronic mail or fax to the appropriate addresses set forth below. Any such communication shall be effective upon actual receipt; provided, however, that in the case of delivery by fax after the normal business hours of the recipient, such communication shall be effective on the next business day following the transmission of such fax. For purposes of notice, the addresses of the Parties shall be as follows:

If to Payson Petroleum:

Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, Texas 75605
Fax: 903.757.3399
Email: jsearcy@jsearcylaw.com

with a copy to:

Blake Hamm
Snow Spence Green LLP
2929 Allen Parkway, Suite 2800
Houston, TX 77019
Fax: 713.335.4848
Email: blakehamm@snowspencelaw.com

If to 2014 LP:

Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201
Fax: 214.871.2111
Email: cmoser@qslwm.com

with a copy to:

Keith W. Harvey
The Harvey Law Firm, P.C.
6510 Abrams Road, Ste. 280
Dallas, TX 75231
Fax: 972.241.3970
Email: harvey@keithharveylaw.com

Each Party shall have the right, upon giving ten (10) days' prior notice to the other party in the manner provided in this section, to change its address for purposes of notice.

6.09 Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas, notwithstanding any applicable conflict of laws provision. Any dispute regarding this Agreement shall be subject to mandatory venue in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

6.10 Multiple Counterparts. The Parties agree that facsimile and electronic signatures shall have the same force and effect as original signatures. This Agreement may be executed in counterparts and all counterparts so executed shall constitute one agreement which shall be binding on the Parties hereto.

6.11 Modification. This Agreement cannot be altered, changed or modified except in writing executed by a duly authorized representative for each of the Parties.

6.12 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner with respect to any Party. Upon determination of a court of competent jurisdiction that any term or other provision of this Agreement is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to affect the original intent of the Parties as closely as possible. The obligations of the Parties hereunder are severable and not joint.

6.13 Costs and Attorneys' Fees. If either Party retains an attorney in connection with any default or to collect, enforce, or defend this Agreement in any lawsuit, reorganization, bankruptcy or other proceeding, the prevailing party is entitled to collect its reasonable costs and expenses incurred in any such suit or proceeding, including reasonable attorneys' fees.

8

STATE OF TEXAS §
 §
 COUNTY OF GREGG §

BEFORE ME, the undersigned authority, on this _____ day of _____ 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **PAYSON PETROLEUM, INC.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

 Notary Public in and for State of Texas
 My Commission Expires: _____

STATE OF TEXAS §
 §
 COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this _____ day of _____ 2017, personally appeared Christopher J. Moser, the Chapter 7 Trustee of **PAYSON PETROLEUM 2014, L.P.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

 Notary Public in and for State of Texas
 My Commission Expires: _____



_____, 2017

VIA EMAIL: cmoser@qslwm.com

VIA EMAIL: jsearcy@jsearcylaw.com

Mr. Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201

Mr. Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, TX 75605

Re: Proposed Engagement Agreement

Bankruptcy Case No. 17-40179; *In re Payson Petroleum 3 Well, L.P.* in the United States Bankruptcy Court, Eastern District of Texas, Sherman Division (the "Bankruptcy Case")

Mr. Moser and Mr. Searcy:

This letter sets forth the terms of engagement of Snow Spence Green LLP ("SSG") to analyze and pursue at the discretion of Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc. certain claims and causes of action and objections on behalf of the bankruptcy estate of Payson Petroleum 3 Well, L.P. ("3 Well LP" or "Debtor"). This agreement is entered into pursuant to the terms of a Settlement Agreement by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee, dated _____, 2017, and is subject to Bankruptcy Court approval. Upon the execution of this letter agreement, we will prepare for your review and approval a motion to employ SSG as special litigation counsel under 11 U.S.C. §§ 327(e) and 328.

Description of Engagement. The client pursuant to this Engagement Agreement is Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., acting in his capacity as a representative of the 3 Well LP bankruptcy estate ("Client") pursuant to the terms of the Subject Claims Assignment and Participation Agreement between Payson Petroleum, Inc. and 3 Well LP. The representation by SSG pursuant to this Agreement would be limited to investigation and prosecution (to the extent determined by SSG to be cost justified) of the following:

- a. 3 Well LP's claims and causes of action under either chapter 5 of the United States Bankruptcy Code or any applicable state fraudulent transfer ("Avoidance Actions"); and
- b. 3 Well LP's rights, claims, causes of action, and rights of contribution against any current or former general partner or limited partner of 3 Well LP, including but not limited to claims under 11 U.S.C. § 723 ("Partnership Related Claims"); and
- c. objections to the allowance of claims asserted against Debtor as to which claims and causes of action are asserted by Client.

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(collectively, the “Subject Matters”). Claims, causes of action and/or objections with respect to a specific party are referred to as a “Specific Subject Matter”. SSG’s representation of Client pursuant to this agreement will be limited to the specific matters referenced herein, and SSG is not undertaking, absent a specific engagement letter to the contrary, to represent Client in other matters or in any general counsel capacity.

SSG will be responsible for the drafting of documents, preparation of pleadings, attending court hearings and trials, participating in negotiations, performing legal research, and conducting conferences, and consultations as may be necessary to represent you with respect to each claim for which litigation is commenced.

Although SSG will endeavor to obtain results satisfactory to Client, we cannot guarantee that we will be successful. As part of this agreement, Client and Christopher J. Moser, Chapter 7 Trustee of 3 Well LP (the “3 Well LP Trustee”) acknowledge that (i) neither SSG nor any of its respective professionals have made any promises or guarantees regarding any outcome of the Subject Matters and that no guarantees or promises can be made regarding the outcome thereof; (ii) neither SSG nor any of its respective professionals have made any promises or guarantees regarding the length of time required to obtain the resolution of the Subject Matters; and (iii) either at the beginning or during the course of its representation, SSG may express its opinions or beliefs concerning the Subject Matters and the results that might be anticipated; but that any such statement(s) are intended to be an expression of opinion only, based on information available at the time, and must not be construed by Client or 3 Well LP Trustee as a promise or guarantee, as no such promises or guarantees are possible.

Client and 3 Well LP Trustee acknowledge and agree that SSG is under no obligation to represent them with respect to a Subject Matter if SSG determines, in its sole discretion, that pursuit of any particular Subject Matter is not cost justified.

To enable SSG to effectively perform the contemplated services, it is essential that Client and the 3 Well LP Trustee disclose fully and accurately all facts and keep us apprised of all developments relating to the Subject Matters. Client and the 3 Well LP Trustee agree to cooperate fully with SSG and to make themselves and their representatives available to attend meetings, conferences, hearings and other proceedings.

Legal Fees. The representation will be handled on a contingency fee basis with SSG’s fee being dependent upon recovery through settlement or trial, except in the event of discharge or withdrawal from representation as provided below. The fees to be paid to SSG will be a percentage of the “Recovery” (as defined below) realized with respect to each Specific Subject Matter. The Client and the 3 Well LP Trustee agree to pay SSG a contingent fee based upon (i) the outcome achieved with respect to each Specific Subject Matter, and (ii) the occurrence of specified benchmark events with respect to each Specific Subject Matter. The agreed upon percentages and benchmarks are set forth below:

_____, 2017
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Fees as a
Percent of
Recovery

Benchmark Event

- | | |
|-----|--|
| 33% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter prior to the earlier of (i) submission of a proposed joint pre-trial order, or (ii) submission of a position statement to an agreed upon or court appointed mediator for the Specific Subject Matter. |
| 35% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after submission of a position statement to an agreed upon or court appointed mediator for a Specific Subject Matter. |
| 40% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after the earlier of (i) conclusion of an unsuccessful mediation, or (ii) submission of a proposed joint pre-trial order. |

The Client and the 3 Well LP Trustee acknowledge that the foregoing contingency fee terms are not set by law, but are negotiable, and have been negotiated, between the Client, the 3 Well LP Trustee.

The term “Recovery” shall mean (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Client and/or the 3 Well LP Trustee as of the date of recovery, plus (iii) the value of any claim that is released or disallowed, plus (iv) the value of any potential unsecured claim based upon § 502(h) of the Bankruptcy Code that is released or disallowed. The dollar amount of each Recovery with respect to a Specific Subject Matter will be calculated before deduction of any applicable expenses of the lawsuit. For purposes of this agreement, if a proof of claim was filed by the subject creditor, the dollar amount of a the claim released or disallowed (other than any claim under § 506(h) of the Bankruptcy Code) will be determined based upon the dollar amount set forth in the proof of claim filed by the subject creditor which is released or disallowed. If a proof of claim was not filed by the subject creditor, the dollar amount released or disallowed will be determined based upon the dollar amount set forth in the Schedules and Assets and Liabilities filed in the bankruptcy cases by 3 Well LP with respect to the subject creditor which is released or disallowed. For purposes of this agreement, the value of each dollar of each pre-petition claim or administrative claim released or disallowed will be determined based on the projected percentage recovery of the applicable class of claim. For example, if the projected recovery by unsecured claim holders was 25% on the dollar, then the value of each dollar of unsecured claim released or discharged would be .25¢.

Subject to the terms of this Agreement, the Client and the 3 Well LP Trustee hereby convey, transfer, and assign to SSG an undivided interest in the Subject Matters, such interest being equal to the amount of the percentages therein described above.

Out-of-Pocket Expenses. Client and the 3 Well LP Trustee acknowledge and agree that in connection with investigation and prosecution of the Subject Matters, the services of third parties will be necessary. Such other persons and entities may include, but are not limited to, court reporters, accountants, investigators and expert witnesses. Such third party fees and expenses will be billed directly to Client. Client will be responsible for paying fees and expenses of third parties. In the event that there are insufficient funds in the estate to timely pay for the third party services, SSG will advance the amount necessary and such advances will be treated as reimbursable expenses.

_____, 2017
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Client and the 3 Well LP Trustee further acknowledge that SSG will incur various expenses in providing services to Client. Client agrees to reimburse SSG for all out-of-pocket expenses paid by SSG. Such expenses include, but are not limited to, charges for serving and filing papers, courier or messenger services, recording and certifying documents, depositions, transcripts, investigations, witnesses, long distance telephone calls, copying materials, and travel expenses. Expenses advanced by SSG would be reimbursed by Client solely out of Recoveries.

Settlements. Any settlement offer received by SSG will be immediately conveyed to Client and the 3 Well LP Trustee with our recommendation for acceptance or rejection. Any settlement offer received by Client and the 3 Well LP Trustee will be conveyed to SSG for notice purposes only.

No settlement of any nature shall be made for the Subject Matters without the approval of Client and the United States Bankruptcy Court. Client acknowledges that all communications from adverse parties or their counsel in connection with the Subject Matters are required to be directed to SSG, as counsel, pursuant to Texas Disciplinary Rule of Professional Conduct 4.02; and Client agrees to instruct all adverse parties and their counsel to communicate only through SSG, unless SSG agrees otherwise.

Conflict Matters. SSG has represented and currently represents Client on an ongoing basis with matters related to this Bankruptcy Case and other cases including, but not limited to, matters in the following bankruptcy cases: (i) *In re Payson Petroleum, Inc.* (Bankruptcy Case No. 16-41044); (ii) *In re Payson Operating, LLC* (Bankruptcy Case No. 16-41045); (iii) *In re Maricopa Resources, LLC* (Bankruptcy Case No. 16-41043); and (iv) *In re Payson Petroleum 3 Well 2014, L.P.* (Bankruptcy Case No. 17-40180). While SSG does not anticipate that its prior and/or current representation of Client will adversely affect Client's or 3 Well LP Trustee's interests in the Subject Matters, applicable rules of professional conduct require that SSG obtain Client's consent to its representation of Client with respect to the Subject Matters. Client acknowledges his express and informed consent to SSG's representation of Client with respect to the Subject Matters as well as SSG's continuing representation of Client in other matters, including related matters. 3 Well LP Trustee acknowledges that he is aware that SSG represents Client in other matters, including the above-referenced related matters, and waives any conflict relating thereto.

If a controversy arises between you and any other client of SSG, SSG, after taking into account the applicable rules of professional ethics, may decline to represent you or such other client or both you and such other client. Following the conclusion of our representation of you in this matter, SSG reserves the right to represent other future clients on unrelated matters which may be adverse to your interests.

Withdrawal/Termination of Representation. Our representation may be terminated prior to the conclusion of the Subject Matters covered under this engagement letter by written notice to the other party. SSG reserves the right to withdraw from its representation if, among other things, Client fails to honor the terms of this engagement letter or fails to cooperate or follow SSG's advice on a material matter, or if any fact or circumstance would, in SSG's view, render our continuing representation unlawful, unethical or ineffective. No such termination or withdrawal, however, will relieve Client of the obligation to pay the legal fees owed for services performed and other charges owing to SSG as set forth in this agreement.

Work Files – Retention and Disposition. SSG will maintain all documents furnished to us in our files for this matter. At the conclusion of the matter covered under this engagement letter (or earlier, if appropriate), it is Client's and the 3 Well LP Trustee's obligation to advise us as to which, if any, documents

_____, 2017
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in our files they wish SSG to return. SSG may keep copies thereof for our records to the extent we believe advisable. SSG will retain any remaining documents in our files for a period of one (1) year following conclusion of our representation in this matter. THEREAFTER, SUCH FILES MAY, AT OUR SOLE DISCRETION AND WITHOUT FURTHER NOTICE TO YOU, BE DESTROYED.

Email Communications. To the extent appropriate, SSG communicates with respective clients (and others) by means of electronic mail. The use of email has proven over time to be an effective and efficient means of exchanging both messages and documents. We are mindful of the concerns of some clients that email transmission could be compromised, and thus prohibit its use or prohibit its use in an unencrypted form. The use of encryption, however, though intended to be “seamless” in use, has caused difficulties in communication with some parties. Thus, to avoid the possibility of disruptions in the flow of information, and prompted by the near-unanimity on the part of bar associations throughout the country, as well as the American Bar Association, in support of the preservation of attorney-client privileges in unencrypted email communications, unless specifically instructed by you, we will assume your consent to use of unencrypted email as a means of communication.

Approval of Terms of Engagement. If the above and foregoing meets with your understanding, please so indicate by executing this agreement in the place provided below for your signature. A copy of this agreement should be retained for your files.

Bankruptcy Court Approval. The parties acknowledge that the Bankruptcy Court must approve this agreement.

Regards,

SNOW SPENCE GREEN LLP

By: _____
Phil F. Snow

Accepted and Agreed this _____ day of _____, 2017:

By: _____
Christopher J. Moser
Chapter 7 Trustee for Payson Petroleum 3 Well, L.P.

By: _____
Jason R. Searcy
Chapter 11 Trustee for Payson Petroleum, Inc.



SNOW SPENCE GREEN LLP



_____, 2017

VIA EMAIL: cmoser@qslwm.com

VIA EMAIL: jsearcy@jsearcylaw.com

Mr. Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201

Mr. Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, TX 75605

Re: Proposed Engagement Agreement

Bankruptcy Case No. 17-40180; *In re Payson Petroleum 3 Well 2014, L.P.* in the United States Bankruptcy Court, Eastern District of Texas, Sherman Division (the "Bankruptcy Case")

Mr. Moser and Mr. Searcy:

This letter sets forth the terms of engagement of Snow Spence Green LLP ("SSG") to analyze and pursue at the discretion of Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc. certain claims and causes of action and objections on behalf of the bankruptcy estate of Payson Petroleum 3 Well 2014, L.P. ("2014 LP" or "Debtor"). This agreement is entered into pursuant to the terms of a Settlement Agreement by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee, dated _____, 2017, and is subject to Bankruptcy Court approval. Upon the execution of this letter agreement, we will prepare for your review and approval a motion to employ SSG as special litigation counsel under 11 U.S.C. §§ 327(e) and 328.

Description of Engagement. The client pursuant to this Engagement Agreement is Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., acting in his capacity as a representative of the 2014 LP bankruptcy estate ("Client") pursuant to the terms of the Subject Claims Assignment and Participation Agreement between Payson Petroleum, Inc. and 2014 LP. The representation by SSG pursuant to this Agreement would be limited to investigation and prosecution (to the extent determined by SSG to be cost justified) of the following:

- a. 2014 LP's claims and causes of action under either chapter 5 of the United States Bankruptcy Code or any applicable state fraudulent transfer ("Avoidance Actions"); and
- b. 2014 LP's rights, claims, causes of action, and rights of contribution against any current or former general partner or limited partner of 2014 LP, including but not limited to claims under 11 U.S.C. § 723 ("Partnership Related Claims"); and
- c. objections to the allowance of claims asserted against Debtor as to which claims and causes of action are asserted by Client.

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(collectively, the “Subject Matters”). Claims, causes of action and/or objections with respect to a specific party are referred to as a “Specific Subject Matter”. SSG’s representation of Client pursuant to this agreement will be limited to the specific matters referenced herein, and SSG is not undertaking, absent a specific engagement letter to the contrary, to represent Client in other matters or in any general counsel capacity.

SSG will be responsible for the drafting of documents, preparation of pleadings, attending court hearings and trials, participating in negotiations, performing legal research, and conducting conferences, and consultations as may be necessary to represent you with respect to each claim for which litigation is commenced.

Although SSG will endeavor to obtain results satisfactory to Client, we cannot guarantee that we will be successful. As part of this agreement, Client and Christopher J. Moser, Chapter 7 Trustee of 2014 LP (the “2014 LP Trustee”) acknowledge that (i) neither SSG nor any of its respective professionals have made any promises or guarantees regarding any outcome of the Subject Matters and that no guarantees or promises can be made regarding the outcome thereof; (ii) neither SSG nor any of its respective professionals have made any promises or guarantees regarding the length of time required to obtain the resolution of the Subject Matters; and (iii) either at the beginning or during the course of its representation, SSG may express its opinions or beliefs concerning the Subject Matters and the results that might be anticipated; but that any such statement(s) are intended to be an expression of opinion only, based on information available at the time, and must not be construed by Client or 2014 LP Trustee as a promise or guarantee, as no such promises or guarantees are possible.

Client and 2014 LP Trustee acknowledge and agree that SSG is under no obligation to represent them with respect to a Subject Matter if SSG determines, in its sole discretion, that pursuit of any particular Subject Matter is not cost justified.

To enable SSG to effectively perform the contemplated services, it is essential that Client and the 2014 LP Trustee disclose fully and accurately all facts and keep us apprised of all developments relating to the Subject Matters. Client and the 2014 LP Trustee agree to cooperate fully with SSG and to make themselves and their representatives available to attend meetings, conferences, hearings and other proceedings.

Legal Fees. The representation will be handled on a contingency fee basis with SSG’s fee being dependent upon recovery through settlement or trial, except in the event of discharge or withdrawal from representation as provided below. The fees to be paid to SSG will be a percentage of the “Recovery” (as defined below) realized with respect to each Specific Subject Matter. The Client and the 2014 LP Trustee agree to pay SSG a contingent fee based upon (i) the outcome achieved with respect to each Specific Subject Matter, and (ii) the occurrence of specified benchmark events with respect to each Specific Subject Matter. The agreed upon percentages and benchmarks are set forth below:

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Page 3

Fees as a
Percent of
Recovery

Benchmark Event

- | | |
|-----|--|
| 33% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter prior to the earlier of (i) submission of a proposed joint pre-trial order, or (ii) submission of a position statement to an agreed upon or court appointed mediator for the Specific Subject Matter. |
| 35% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after submission of a position statement to an agreed upon or court appointed mediator for a Specific Subject Matter. |
| 40% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after the earlier of (i) conclusion of an unsuccessful mediation, or (ii) submission of a proposed joint pre-trial order. |

The Client and the 2014 LP Trustee acknowledge that the foregoing contingency fee terms are not set by law, but are negotiable, and have been negotiated, between the Client, the 2014 LP Trustee.

The term “Recovery” shall mean (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Client and/or the 2014 LP Trustee as of the date of recovery, plus (iii) the value of any claim that is released or disallowed, plus (iv) the value of any potential unsecured claim based upon § 502(h) of the Bankruptcy Code that is released or disallowed. The dollar amount of each Recovery with respect to a Specific Subject Matter will be calculated before deduction of any applicable expenses of the lawsuit. For purposes of this agreement, if a proof of claim was filed by the subject creditor, the dollar amount of a the claim released or disallowed (other than any claim under § 506(h) of the Bankruptcy Code) will be determined based upon the dollar amount set forth in the proof of claim filed by the subject creditor which is released or disallowed. If a proof of claim was not filed by the subject creditor, the dollar amount released or disallowed will be determined based upon the dollar amount set forth in the Schedules and Assets and Liabilities filed in the bankruptcy cases by 2014 LP with respect to the subject creditor which is released or disallowed. For purposes of this agreement, the value of each dollar of each pre-petition claim or administrative claim released or disallowed will be determined based on the projected percentage recovery of the applicable class of claim. For example, if the projected recovery by unsecured claim holders was 25% on the dollar, then the value of each dollar of unsecured claim released or discharged would be .25¢.

Subject to the terms of this Agreement, the Client and the 2014 LP Trustee hereby convey, transfer, and assign to SSG an undivided interest in the Subject Matters, such interest being equal to the amount of the percentages therein described above.

Out-of-Pocket Expenses. Client and the 2014 LP Trustee acknowledge and agree that in connection with investigation and prosecution of the Subject Matters, the services of third parties will be necessary. Such other persons and entities may include, but are not limited to, court reporters, accountants, investigators and expert witnesses. Such third party fees and expenses will be billed directly to Client. Client will be responsible for paying fees and expenses of third parties. In the event that there are insufficient funds in the estate to timely pay for the third party services, SSG will advance the amount necessary and such advances will be treated as reimbursable expenses.

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Client and the 2014 LP Trustee further acknowledge that SSG will incur various expenses in providing services to Client. Client agrees to reimburse SSG for all out-of-pocket expenses paid by SSG. Such expenses include, but are not limited to, charges for serving and filing papers, courier or messenger services, recording and certifying documents, depositions, transcripts, investigations, witnesses, long distance telephone calls, copying materials, and travel expenses. Expenses advanced by SSG would be reimbursed by Client solely out of Recoveries.

Settlements. Any settlement offer received by SSG will be immediately conveyed to Client and the 2014 LP Trustee with our recommendation for acceptance or rejection. Any settlement offer received by Client and the 2014 LP Trustee will be conveyed to SSG for notice purposes only.

No settlement of any nature shall be made for the Subject Matters without the approval of Client and the United States Bankruptcy Court. Client acknowledges that all communications from adverse parties or their counsel in connection with the Subject Matters are required to be directed to SSG, as counsel, pursuant to Texas Disciplinary Rule of Professional Conduct 4.02; and Client agrees to instruct all adverse parties and their counsel to communicate only through SSG, unless SSG agrees otherwise.

Conflict Matters. SSG has represented and currently represents Client on an ongoing basis with matters related to this Bankruptcy Case and other cases including, but not limited to, matters in the following bankruptcy cases: (i) *In re Payson Petroleum, Inc.* (Bankruptcy Case No. 16-41044); (ii) *In re Payson Operating, LLC* (Bankruptcy Case No. 16-41045); (iii) *In re Maricopa Resources, LLC* (Bankruptcy Case No. 16-41043); and (iv) *In re Payson Petroleum 3 Well, L.P.* (Bankruptcy Case No. 17-40179). While SSG does not anticipate that its prior and/or current representation of Client will adversely affect Client's or 2014 LP Trustee's interests in the Subject Matters, applicable rules of professional conduct require that SSG obtain Client's consent to its representation of Client with respect to the Subject Matters. Client acknowledges his express and informed consent to SSG's representation of Client with respect to the Subject Matters as well as SSG's continuing representation of Client in other matters, including related matters. 2014 LP Trustee acknowledges that he is aware that SSG represents Client in other matters, including the above-referenced related matters, and waives any conflict relating thereto.

If a controversy arises between you and any other client of SSG, SSG, after taking into account the applicable rules of professional ethics, may decline to represent you or such other client or both you and such other client. Following the conclusion of our representation of you in this matter, SSG reserves the right to represent other future clients on unrelated matters which may be adverse to your interests.

Withdrawal/Termination of Representation. Our representation may be terminated prior to the conclusion of the Subject Matters covered under this engagement letter by written notice to the other party. SSG reserves the right to withdraw from its representation if, among other things, Client fails to honor the terms of this engagement letter or fails to cooperate or follow SSG's advice on a material matter, or if any fact or circumstance would, in SSG's view, render our continuing representation unlawful, unethical or ineffective. No such termination or withdrawal, however, will relieve Client of the obligation to pay the legal fees owed for services performed and other charges owing to SSG as set forth in this agreement.

Work Files – Retention and Disposition. SSG will maintain all documents furnished to us in our files for this matter. At the conclusion of the matter covered under this engagement letter (or earlier, if appropriate), it is Client's and the 2014 LP Trustee's obligation to advise us as to which, if any, documents in our files they wish SSG to return. SSG may keep copies thereof for our records to the extent we believe

_____, 2017
Page 5

advisable. SSG will retain any remaining documents in our files for a period of one (1) year following conclusion of our representation in this matter. THEREAFTER, SUCH FILES MAY, AT OUR SOLE DISCRETION AND WITHOUT FURTHER NOTICE TO YOU, BE DESTROYED.

Email Communications. To the extent appropriate, SSG communicates with respective clients (and others) by means of electronic mail. The use of email has proven over time to be an effective and efficient means of exchanging both messages and documents. We are mindful of the concerns of some clients that email transmission could be compromised, and thus prohibit its use or prohibit its use in an unencrypted form. The use of encryption, however, though intended to be “seamless” in use, has caused difficulties in communication with some parties. Thus, to avoid the possibility of disruptions in the flow of information, and prompted by the near-unanimity on the part of bar associations throughout the country, as well as the American Bar Association, in support of the preservation of attorney-client privileges in unencrypted email communications, unless specifically instructed by you, we will assume your consent to use of unencrypted email as a means of communication.

Approval of Terms of Engagement. If the above and foregoing meets with your understanding, please so indicate by executing this agreement in the place provided below for your signature. A copy of this agreement should be retained for your files.

Bankruptcy Court Approval. The parties acknowledge that the Bankruptcy Court must approve this agreement.

Regards,

SNOW SPENCE GREEN LLP

By: _____
Phil F. Snow

Accepted and Agreed this _____ day of _____, 2017:

By: _____
Christopher J. Moser
Chapter 7 Trustee for Payson Petroleum 3 Well 2014, L.P.

By: _____
Jason R. Searcy
Chapter 11 Trustee for Payson Petroleum, Inc.

3 WELL LP SUBJECT CLAIMS ASSIGNMENT AND PARTICIPATION AGREEMENT

SUBJECT CLAIMS ASSIGNMENT AND PARTICIPATION AGREEMENT (3 Well LP)

This Subject Claims Assignment and Participation Agreement (the “Agreement”) is entered into as of _____, 2017 by and between Payson Petroleum, Inc. (“Payson Petroleum”) and Payson Petroleum 3 Well, L.P. (“3 Well LP”), referred to individually herein as a “Party” and collectively as, the “Parties.”

R E C I T A L S

WHEREAS, Christopher J. Moser is the duly appointed Chapter 7 Trustee in the 3 Well LP Bankruptcy Case (defined below).

WHEREAS, Jason R. Searcy is the duly appointed Chapter 11 Trustee in the Payson Petroleum Bankruptcy Case (defined below).

WHEREAS, 3 Well LP and Payson Petroleum are parties to the Settlement Agreement (defined below) which provides for entry into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

ARTICLE 1

Definitions

1.01 **Defined Terms**. The following terms, as used in this Agreement, shall have the meanings indicated below, unless the context otherwise requires:

“3 Well LP” means Payson Petroleum 3 Well, L.P., Christopher J. Moser in his capacity of Chapter 7 trustee of Payson Petroleum 3 Well, L.P. and the Payson Petroleum 3 Well L.P. bankruptcy estate.

“3 Well LP Avoidance Action Claims” means all claims and causes of action of 3 Well LP arising under Chapter 5 of the Bankruptcy Code.

“3 Well LP Avoidance Action Claims Net Recovery” means any Net Recovery for or on account of the 3 Well LP Avoidance Action Claims.

“3 Well LP Bankruptcy Case” means Bankruptcy Case No. 17-40179 styled *In re Payson Petroleum 3 Well, L.P., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“3 Well LP Participation Interest” means an undivided fifty percent (50%) interest.

“3 Well LP Partnership Related Claims” means all rights, claims, causes of action and

rights of contribution of 3 Well LP (independent of Section 2.02 of this Agreement) against any current or former general partner or limited partner of 3 Well LP, including but not limited to claims under 11 U.S.C. § 723.

“3 Well LP Partnership Related Claims Net Recovery” means any Net Recovery for or on account of the 3 Well LP Partnership Related Claims.

“Bankruptcy Code” means The Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, as now in effect or hereafter amended.

“Net Recovery” means the Recovery net of all expenses and fees (including Special Counsel fees) incurred in connection with investigation, prosecution and collection of the Subject Claims.

“Payson/3 Well LP Partnership Related Claims” means all rights, claims and causes of action of Payson Petroleum (independent of Section 2.01 of this Agreement) against any current or former general partner or limited partner of 3 Well LP.

“Payson/3 Well LP Partnership Related Claims Net Recovery” means the Net Recovery for and on account of the Payson/3 Well LP Partnership Related Claims.

“Payson Petroleum” means Payson Petroleum, Inc., Jason Searcy in his capacity of Chapter 11 trustee of Payson Petroleum, Inc. and the Payson Petroleum, Inc. bankruptcy estate.

“Payson Petroleum Bankruptcy Case” means Bankruptcy Case No. 16-41044 styled *In re Payson Petroleum, Inc., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“Payson Petroleum Participation Interest” means an undivided fifty percent (50%) interest.

“Recovery” means (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Parties for or on account of or in satisfaction or partial satisfaction thereof with respect to the Subject Claims.

“Settlement Agreement” means the Settlement Agreement entered into as of August ___, 2017 by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee for the Searcy Bankruptcy Cases, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee for the Moser Bankruptcy Cases.

“Settlement Approval Order” has the meaning defined in the Settlement Agreement.

“Special Counsel” means Snow Spence Green LLP.

“Special Counsel Engagement Agreements” means (i) the August 15, 2016 Engagement

Letter Agreement by and between Snow Spence Green LLP and Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., Maricopa Resources, LLC and Payson Operating, LLC, (ii) the Engagement Letter Agreement between 2014 LP, 3 Well LP, Payson Petroleum and Snow Spence Green LLP substantially in the form of **Exhibit 1**, and (iii) the Engagement Letter Agreement between 2014 LP, Payson Petroleum and Snow Spence Green LLP in the form of **Exhibit 2**.

“Subject Claims” means all 3 Well LP Avoidance Action Claims, all 3 Well LP Partnership Related Claims and all Payson/3 Well LP Partnership Related Claims.

1.02 **Amendment of Defined Instruments**. Unless the context otherwise requires or unless otherwise provided herein, the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document. Nothing contained in this Agreement will be construed to authorize any renewal, extension, modification, amendment or restatement of this Agreement or any agreement, instrument or document referred to herein.

1.03 **References and Titles**. All references in this Agreement to Exhibits, Articles, Sections, subsections and other subdivisions refer to the Exhibits, Articles, Sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only, do not constitute any part of those subdivisions and will be disregarded in construing the language contained in those subdivisions. The words “this Agreement,” “this instrument,” “herein,” “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases “this section” and “this subsection” and similar phrases refer only to the sections or subsections of this Agreement in which those phrases occur. The word “or” is not exclusive; the word “including” (in its various forms) means “including without limitation.” Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time; (b) any reference herein to any person shall be construed to include such person’s successors and assigns (subject to the restrictions contained herein); (c) with respect to the determination of any time period, the word “from” means “from and including” and the word “to” means “to and including;” and (d) all dollar amounts refer to United States dollars. A reference herein to a number of “days” will be intended to refer to that number of calendar (as opposed to working) days, unless otherwise specifically provided. No provision of this Agreement shall be interpreted or construed more strictly against any person solely because such person or its legal representative drafted such provision.

ARTICLE 2

Assignment

2.01 **Assignment by 3 Well LP of Participation Interest**. 3 Well LP hereby absolutely and unconditionally sells, transfers and assigns to Payson Petroleum, the Payson Petroleum

Participation Interest in (i) the 3 Well LP Avoidance Action Claims Net Recovery, and (ii) the 3 Well LP Partnership Related Claims Net Recovery.

2.02 Assignment by Payson Petroleum of Participation Interest. Payson Petroleum hereby absolutely and unconditionally sells, transfers and assigns to 3 Well LP, the 3 Well LP Participation Interest in the Payson/3 Well LP Partnership Related Claims Net Recovery.

ARTICLE 3

Preservation, Prosecution and Authority

3.01 Preservation. 3 Well LP retains all 3 Well LP Avoidance Action Claims and all 3 Well LP Partnership Related Claims subject to the Payson Petroleum Participation Interest and Payson Petroleum's rights hereunder. Upon entry of the Settlement Approval Order in the 3 Well LP Bankruptcy Case and execution of this Agreement, Payson Petroleum is vested with and may enforce and prosecute (or determine to do any of the foregoing) the 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims without further order of the Bankruptcy Court. Payson Petroleum's right to commence, prosecute or settle 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims shall be preserved. No preclusion doctrine, including the doctrines of res judicata; collateral estoppel, issue preclusion, claim preclusion, estoppel shall apply to the 3 Well LP Avoidance Action Claims or 3 Well LP Partnership Related Claims by virtue of entry into this Agreement. Payson Petroleum in connection with the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims shall constitute the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims.

3.02 Standing. The Parties stipulate and agree that Payson Petroleum shall have standing to assert and prosecute on behalf of 3 Well LP all 3 Well LP Avoidance Action Claims and all 3 Well LP Partnership Related Claims.

3.03 Authority. Subject to Section 6.01, Payson Petroleum shall have exclusive authority with respect to the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. The exclusive authority of Payson Petroleum includes investigation, management and settlement of all litigation related to the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims.

ARTICLE 4

Special Counsel

4.01 Engagement of Counsel. Snow Spence Green LLP is engaged pursuant to the Special Counsel Engagement Agreement, dated August 15, 2016 (approved by Bankruptcy Court order dated September 19, 2016), to investigate and prosecute the Payson/3 Well LP Partnership Related Claims.

4.02 Engagement Agreement. Snow Spence Green LLP (subject to Bankruptcy Court approval) is engaged to investigate and prosecute the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims pursuant to the terms of the Special Counsel Engagement Agreement attached as **Exhibit 1**. 3 Well LP shall cause an order approving the engagement of Snow Spence Green LLP and the Special Counsel Engagement Agreement, attached as **Exhibit 1**, to be entered in the 3 Well LP Bankruptcy Case.

ARTICLE 5

Application of Recoveries

5.01 Fees and Expenses. Any Recovery shall be applied first, to satisfy fees pursuant to the Special Counsel Engagement Agreements and, second, to expenses incurred by Special Counsel and Payson Petroleum in connection with investigation, prosecution and collection of the Subject Claims.

5.02 Disbursement of Net Recoveries. Payson Petroleum is hereby assigned and shall receive the Payson Petroleum Participation Interest in all (i) 3 Well LP Partnership Related Claims Net Recoveries, (ii) 3 Well LP Avoidance Action Claims Net Recoveries, and (iii) Payson/3 Well LP Partnership Related Claims Net Recoveries. 3 Well LP is hereby assigned and shall receive the 3 Well LP Participation Interest in all (x) 3 Well LP Partnership Related Claims Net Recoveries, (y) 3 Well LP Avoidance Action Claims Net Recoveries, and (z) Payson/3 Well LP Partnership Related Claims Net Recoveries.

ARTICLE 6

Miscellaneous

6.01 Settlement. Any settlement of a Subject Claim is subject to Bankruptcy Court approval.

6.02 Discretion. Payson Petroleum shall determine in its sole discretion the Subject Claims to investigate and prosecute. Subsequent to October 1, 2018, Payson Petroleum shall, upon the written request of 3 Well LP, release from this Agreement and assign back to 3 Well LP any 3 Well LP Partnership Related Claim or 3 Well LP Avoidance Action Claim which Payson Petroleum which it has determined that it will not prosecute.

6.03 Indemnification. 3 Well LP hereby indemnifies and holds harmless Payson Petroleum and its agents, representatives, professionals and employees from and against and in respect to any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to, attorneys' fees and costs arising out of or due to its actions or omissions, or consequences of such actions or omissions, with respect to Payson Petroleum's investigation, management, prosecution or settlement of the Subject Claims; provided, however, that no such indemnification will be made to Payson Petroleum for actions or omissions resulting from willful misconduct, gross negligence or fraud.

6.04 Entire Agreement. This Agreement, including all exhibits attached hereto and made a part hereof, constitute the entire agreement between the Parties with respect to the transactions contemplated hereby and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to such transactions.

6.05 Survival. All representations, warranties, covenants and agreements of the Parties made in this Agreement shall survive the execution and delivery of this Agreement until such time as all of the obligations of the signatories to such document shall have lapsed in accordance with their respective terms or shall have been discharged in full.

6.06 Waiver. No waiver by a Party of any of the provisions of this Agreement (a) shall be binding unless executed in writing by such Party, (b) shall be deemed or shall constitute a waiver by such Party of any other provision hereof (whether or not similar), and (c) shall not constitute a continuing waiver by such Party.

6.07 Further Assurances. The Parties will take such actions and execute and deliver such other documents or agreements as may be necessary or desirable for the implementation of this Agreement and the consummation of the transactions contemplated hereby.

6.08 Notices. Any notice, request, consent, approval, waiver or other communication provided or permitted to be given under this Agreement shall be in writing and shall be delivered in person or sent by U.S. mail, overnight courier, electronic mail or fax to the appropriate addresses set forth below. Any such communication shall be effective upon actual receipt; provided, however, that in the case of delivery by fax after the normal business hours of the recipient, such communication shall be effective on the next business day following the transmission of such fax. For purposes of notice, the addresses of the Parties shall be as follows:

If to Payson Petroleum:

Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, Texas 75605
Fax: 903.757.3399
Email: jsearcy@jsearcy.com

with a copy to:

Blake Hamm
Snow Spence Green LLP
2929 Allen Parkway, Suite 2800
Houston, TX 77019
Fax: 713.335.4848
Email: blakehamm@snowspencelaw.com

If to 3 Well LP:

Keith W. Harvey
The Harvey Law Firm, P.C.
6510 Abrams Road, Ste. 280
Dallas, TX 75231
Fax: 972.241.3970
Email: harvey@keithharveylaw.com

6.09 Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas, notwithstanding any applicable conflict of laws provision. Any dispute regarding this Agreement shall be subject to mandatory venue in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

6.11 Modification. This Agreement cannot be altered, changed or modified except in writing executed by a duly authorized representative for each of the Parties.

6.13 Costs and Attorneys' Fees. If either Party retains an attorney in connection with any default or to collect, enforce, or defend this Agreement in any lawsuit, reorganization, bankruptcy or other proceeding, the prevailing party is entitled to collect its reasonable costs and expenses incurred in any such suit or proceeding, including reasonable attorneys' fees.

[Signature Pages Follow]



SNOW SPENCE GREEN LLP

_____, 2017

VIA EMAIL: cmoser@qslwm.com

VIA EMAIL: jsearcy@jsearcylaw.com

Mr. Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201

Mr. Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, TX 75605

Re: Proposed Engagement Agreement

Bankruptcy Case No. 17-40179; *In re Payson Petroleum 3 Well, L.P.* in the United States Bankruptcy Court, Eastern District of Texas, Sherman Division (the "Bankruptcy Case")

Mr. Moser and Mr. Searcy:

This letter sets forth the terms of engagement of Snow Spence Green LLP ("SSG") to analyze and pursue at the discretion of Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc. certain claims and causes of action and objections on behalf of the bankruptcy estate of Payson Petroleum 3 Well, L.P. ("3 Well LP" or "Debtor"). This agreement is entered into pursuant to the terms of a Settlement Agreement by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee, dated _____, 2017, and is subject to Bankruptcy Court approval. Upon the execution of this letter agreement, we will prepare for your review and approval a motion to employ SSG as special litigation counsel under 11 U.S.C. §§ 327(e) and 328.

Description of Engagement. The client pursuant to this Engagement Agreement is Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., acting in his capacity as a representative of the 3 Well LP bankruptcy estate ("Client") pursuant to the terms of the Subject Claims Assignment and Participation Agreement between Payson Petroleum, Inc. and 3 Well LP. The representation by SSG pursuant to this Agreement would be limited to investigation and prosecution (to the extent determined by SSG to be cost justified) of the following:

- a. 3 Well LP's claims and causes of action under either chapter 5 of the United States Bankruptcy Code or any applicable state fraudulent transfer ("Avoidance Actions"); and
- b. 3 Well LP's rights, claims, causes of action, and rights of contribution against any current or former general partner or limited partner of 3 Well LP, including but not limited to claims under 11 U.S.C. § 723 ("Partnership Related Claims"); and
- c. objections to the allowance of claims asserted against Debtor as to which claims and causes of action are asserted by Client.

2929 ALLEN PARKWAY | SUITE 2800 | HOUSTON, TX 77019
MAIN: 713.335.4800 | FAX: 713.335.4848 | SNOWSPENCELAW.COM

_____, 2017
Page 2

(collectively, the “Subject Matters”). Claims, causes of action and/or objections with respect to a specific party are referred to as a “Specific Subject Matter”. SSG’s representation of Client pursuant to this agreement will be limited to the specific matters referenced herein, and SSG is not undertaking, absent a specific engagement letter to the contrary, to represent Client in other matters or in any general counsel capacity.

SSG will be responsible for the drafting of documents, preparation of pleadings, attending court hearings and trials, participating in negotiations, performing legal research, and conducting conferences, and consultations as may be necessary to represent you with respect to each claim for which litigation is commenced.

Although SSG will endeavor to obtain results satisfactory to Client, we cannot guarantee that we will be successful. As part of this agreement, Client and Christopher J. Moser, Chapter 7 Trustee of 3 Well LP (the “3 Well LP Trustee”) acknowledge that (i) neither SSG nor any of its respective professionals have made any promises or guarantees regarding any outcome of the Subject Matters and that no guarantees or promises can be made regarding the outcome thereof; (ii) neither SSG nor any of its respective professionals have made any promises or guarantees regarding the length of time required to obtain the resolution of the Subject Matters; and (iii) either at the beginning or during the course of its representation, SSG may express its opinions or beliefs concerning the Subject Matters and the results that might be anticipated; but that any such statement(s) are intended to be an expression of opinion only, based on information available at the time, and must not be construed by Client or 3 Well LP Trustee as a promise or guarantee, as no such promises or guarantees are possible.

Client and 3 Well LP Trustee acknowledge and agree that SSG is under no obligation to represent them with respect to a Subject Matter if SSG determines, in its sole discretion, that pursuit of any particular Subject Matter is not cost justified.

To enable SSG to effectively perform the contemplated services, it is essential that Client and the 3 Well LP Trustee disclose fully and accurately all facts and keep us apprised of all developments relating to the Subject Matters. Client and the 3 Well LP Trustee agree to cooperate fully with SSG and to make themselves and their representatives available to attend meetings, conferences, hearings and other proceedings.

Legal Fees. The representation will be handled on a contingency fee basis with SSG’s fee being dependent upon recovery through settlement or trial, except in the event of discharge or withdrawal from representation as provided below. The fees to be paid to SSG will be a percentage of the “Recovery” (as defined below) realized with respect to each Specific Subject Matter. The Client and the 3 Well LP Trustee agree to pay SSG a contingent fee based upon (i) the outcome achieved with respect to each Specific Subject Matter, and (ii) the occurrence of specified benchmark events with respect to each Specific Subject Matter. The agreed upon percentages and benchmarks are set forth below:

_____, 2017
Page 3

Fees as a
Percent of
Recovery

Benchmark Event

- | | |
|-----|--|
| 33% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter prior to the earlier of (i) submission of a proposed joint pre-trial order, or (ii) submission of a position statement to an agreed upon or court appointed mediator for the Specific Subject Matter. |
| 35% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after submission of a position statement to an agreed upon or court appointed mediator for a Specific Subject Matter. |
| 40% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after the earlier of (i) conclusion of an unsuccessful mediation, or (ii) submission of a proposed joint pre-trial order. |

The Client and the 3 Well LP Trustee acknowledge that the foregoing contingency fee terms are not set by law, but are negotiable, and have been negotiated, between the Client, the 3 Well LP Trustee.

The term “Recovery” shall mean (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Client and/or the 3 Well LP Trustee as of the date of recovery, plus (iii) the value of any claim that is released or disallowed, plus (iv) the value of any potential unsecured claim based upon § 502(h) of the Bankruptcy Code that is released or disallowed. The dollar amount of each Recovery with respect to a Specific Subject Matter will be calculated before deduction of any applicable expenses of the lawsuit. For purposes of this agreement, if a proof of claim was filed by the subject creditor, the dollar amount of a the claim released or disallowed (other than any claim under § 506(h) of the Bankruptcy Code) will be determined based upon the dollar amount set forth in the proof of claim filed by the subject creditor which is released or disallowed. If a proof of claim was not filed by the subject creditor, the dollar amount released or disallowed will be determined based upon the dollar amount set forth in the Schedules and Assets and Liabilities filed in the bankruptcy cases by 3 Well LP with respect to the subject creditor which is released or disallowed. For purposes of this agreement, the value of each dollar of each pre-petition claim or administrative claim released or disallowed will be determined based on the projected percentage recovery of the applicable class of claim. For example, if the projected recovery by unsecured claim holders was 25% on the dollar, then the value of each dollar of unsecured claim released or discharged would be .25¢.

Subject to the terms of this Agreement, the Client and the 3 Well LP Trustee hereby convey, transfer, and assign to SSG an undivided interest in the Subject Matters, such interest being equal to the amount of the percentages therein described above.

Out-of-Pocket Expenses. Client and the 3 Well LP Trustee acknowledge and agree that in connection with investigation and prosecution of the Subject Matters, the services of third parties will be necessary. Such other persons and entities may include, but are not limited to, court reporters, accountants, investigators and expert witnesses. Such third party fees and expenses will be billed directly to Client. Client will be responsible for paying fees and expenses of third parties. In the event that there are insufficient funds in the estate to timely pay for the third party services, SSG will advance the amount necessary and such advances will be treated as reimbursable expenses.

_____, 2017
Page 4

Client and the 3 Well LP Trustee further acknowledge that SSG will incur various expenses in providing services to Client. Client agrees to reimburse SSG for all out-of-pocket expenses paid by SSG. Such expenses include, but are not limited to, charges for serving and filing papers, courier or messenger services, recording and certifying documents, depositions, transcripts, investigations, witnesses, long distance telephone calls, copying materials, and travel expenses. Expenses advanced by SSG would be reimbursed by Client solely out of Recoveries.

Settlements. Any settlement offer received by SSG will be immediately conveyed to Client and the 3 Well LP Trustee with our recommendation for acceptance or rejection. Any settlement offer received by Client and the 3 Well LP Trustee will be conveyed to SSG for notice purposes only.

No settlement of any nature shall be made for the Subject Matters without the approval of Client and the United States Bankruptcy Court. Client acknowledges that all communications from adverse parties or their counsel in connection with the Subject Matters are required to be directed to SSG, as counsel, pursuant to Texas Disciplinary Rule of Professional Conduct 4.02; and Client agrees to instruct all adverse parties and their counsel to communicate only through SSG, unless SSG agrees otherwise.

Conflict Matters. SSG has represented and currently represents Client on an ongoing basis with matters related to this Bankruptcy Case and other cases including, but not limited to, matters in the following bankruptcy cases: (i) *In re Payson Petroleum, Inc.* (Bankruptcy Case No. 16-41044); (ii) *In re Payson Operating, LLC* (Bankruptcy Case No. 16-41045); (iii) *In re Maricopa Resources, LLC* (Bankruptcy Case No. 16-41043); and (iv) *In re Payson Petroleum 3 Well 2014, L.P.* (Bankruptcy Case No. 17-40180). While SSG does not anticipate that its prior and/or current representation of Client will adversely affect Client's or 3 Well LP Trustee's interests in the Subject Matters, applicable rules of professional conduct require that SSG obtain Client's consent to its representation of Client with respect to the Subject Matters. Client acknowledges his express and informed consent to SSG's representation of Client with respect to the Subject Matters as well as SSG's continuing representation of Client in other matters, including related matters. 3 Well LP Trustee acknowledges that he is aware that SSG represents Client in other matters, including the above-referenced related matters, and waives any conflict relating thereto.

If a controversy arises between you and any other client of SSG, SSG, after taking into account the applicable rules of professional ethics, may decline to represent you or such other client or both you and such other client. Following the conclusion of our representation of you in this matter, SSG reserves the right to represent other future clients on unrelated matters which may be adverse to your interests.

Withdrawal/Termination of Representation. Our representation may be terminated prior to the conclusion of the Subject Matters covered under this engagement letter by written notice to the other party. SSG reserves the right to withdraw from its representation if, among other things, Client fails to honor the terms of this engagement letter or fails to cooperate or follow SSG's advice on a material matter, or if any fact or circumstance would, in SSG's view, render our continuing representation unlawful, unethical or ineffective. No such termination or withdrawal, however, will relieve Client of the obligation to pay the legal fees owed for services performed and other charges owing to SSG as set forth in this agreement.

Work Files – Retention and Disposition. SSG will maintain all documents furnished to us in our files for this matter. At the conclusion of the matter covered under this engagement letter (or earlier, if appropriate), it is Client's and the 3 Well LP Trustee's obligation to advise us as to which, if any, documents

_____, 2017
Page 5

in our files they wish SSG to return. SSG may keep copies thereof for our records to the extent we believe advisable. SSG will retain any remaining documents in our files for a period of one (1) year following conclusion of our representation in this matter. THEREAFTER, SUCH FILES MAY, AT OUR SOLE DISCRETION AND WITHOUT FURTHER NOTICE TO YOU, BE DESTROYED.

Email Communications. To the extent appropriate, SSG communicates with respective clients (and others) by means of electronic mail. The use of email has proven over time to be an effective and efficient means of exchanging both messages and documents. We are mindful of the concerns of some clients that email transmission could be compromised, and thus prohibit its use or prohibit its use in an unencrypted form. The use of encryption, however, though intended to be “seamless” in use, has caused difficulties in communication with some parties. Thus, to avoid the possibility of disruptions in the flow of information, and prompted by the near-unanimity on the part of bar associations throughout the country, as well as the American Bar Association, in support of the preservation of attorney-client privileges in unencrypted email communications, unless specifically instructed by you, we will assume your consent to use of unencrypted email as a means of communication.

Approval of Terms of Engagement. If the above and foregoing meets with your understanding, please so indicate by executing this agreement in the place provided below for your signature. A copy of this agreement should be retained for your files.

Bankruptcy Court Approval. The parties acknowledge that the Bankruptcy Court must approve this agreement.

Regards,

SNOW SPENCE GREEN LLP

By: _____
Phil F. Snow

Accepted and Agreed this _____ day of _____, 2017:

By: _____
Christopher J. Moser
Chapter 7 Trustee for Payson Petroleum 3 Well, L.P.

By: _____
Jason R. Searcy
Chapter 11 Trustee for Payson Petroleum, Inc.



SNOW SPENCE GREEN LLP

_____, 2017

VIA EMAIL: cmoser@qslwm.com

VIA EMAIL: jsearcy@jsearcylaw.com

Mr. Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201

Mr. Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, TX 75605

Re: Proposed Engagement Agreement

Bankruptcy Case No. 17-40180; *In re Payson Petroleum 3 Well 2014, L.P.* in the United States Bankruptcy Court, Eastern District of Texas, Sherman Division (the "Bankruptcy Case")

Mr. Moser and Mr. Searcy:

This letter sets forth the terms of engagement of Snow Spence Green LLP ("SSG") to analyze and pursue at the discretion of Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc. certain claims and causes of action and objections on behalf of the bankruptcy estate of Payson Petroleum 3 Well 2014, L.P. ("2014 LP" or "Debtor"). This agreement is entered into pursuant to the terms of a Settlement Agreement by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee, dated _____, 2017, and is subject to Bankruptcy Court approval. Upon the execution of this letter agreement, we will prepare for your review and approval a motion to employ SSG as special litigation counsel under 11 U.S.C. §§ 327(e) and 328.

Description of Engagement. The client pursuant to this Engagement Agreement is Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., acting in his capacity as a representative of the 2014 LP bankruptcy estate ("Client") pursuant to the terms of the Subject Claims Assignment and Participation Agreement between Payson Petroleum, Inc. and 2014 LP. The representation by SSG pursuant to this Agreement would be limited to investigation and prosecution (to the extent determined by SSG to be cost justified) of the following:

- a. 2014 LP's claims and causes of action under either chapter 5 of the United States Bankruptcy Code or any applicable state fraudulent transfer ("Avoidance Actions"); and
- b. 2014 LP's rights, claims, causes of action, and rights of contribution against any current or former general partner or limited partner of 2014 LP, including but not limited to claims under 11 U.S.C. § 723 ("Partnership Related Claims"); and
- c. objections to the allowance of claims asserted against Debtor as to which claims and causes of action are asserted by Client.

_____, 2017

Page 2

(collectively, the “Subject Matters”). Claims, causes of action and/or objections with respect to a specific party are referred to as a “Specific Subject Matter”. SSG’s representation of Client pursuant to this agreement will be limited to the specific matters referenced herein, and SSG is not undertaking, absent a specific engagement letter to the contrary, to represent Client in other matters or in any general counsel capacity.

SSG will be responsible for the drafting of documents, preparation of pleadings, attending court hearings and trials, participating in negotiations, performing legal research, and conducting conferences, and consultations as may be necessary to represent you with respect to each claim for which litigation is commenced.

Although SSG will endeavor to obtain results satisfactory to Client, we cannot guarantee that we will be successful. As part of this agreement, Client and Christopher J. Moser, Chapter 7 Trustee of 2014 LP (the “2014 LP Trustee”) acknowledge that (i) neither SSG nor any of its respective professionals have made any promises or guarantees regarding any outcome of the Subject Matters and that no guarantees or promises can be made regarding the outcome thereof; (ii) neither SSG nor any of its respective professionals have made any promises or guarantees regarding the length of time required to obtain the resolution of the Subject Matters; and (iii) either at the beginning or during the course of its representation, SSG may express its opinions or beliefs concerning the Subject Matters and the results that might be anticipated; but that any such statement(s) are intended to be an expression of opinion only, based on information available at the time, and must not be construed by Client or 2014 LP Trustee as a promise or guarantee, as no such promises or guarantees are possible.

Client and 2014 LP Trustee acknowledge and agree that SSG is under no obligation to represent them with respect to a Subject Matter if SSG determines, in its sole discretion, that pursuit of any particular Subject Matter is not cost justified.

To enable SSG to effectively perform the contemplated services, it is essential that Client and the 2014 LP Trustee disclose fully and accurately all facts and keep us apprised of all developments relating to the Subject Matters. Client and the 2014 LP Trustee agree to cooperate fully with SSG and to make themselves and their representatives available to attend meetings, conferences, hearings and other proceedings.

Legal Fees. The representation will be handled on a contingency fee basis with SSG’s fee being dependent upon recovery through settlement or trial, except in the event of discharge or withdrawal from representation as provided below. The fees to be paid to SSG will be a percentage of the “Recovery” (as defined below) realized with respect to each Specific Subject Matter. The Client and the 2014 LP Trustee agree to pay SSG a contingent fee based upon (i) the outcome achieved with respect to each Specific Subject Matter, and (ii) the occurrence of specified benchmark events with respect to each Specific Subject Matter. The agreed upon percentages and benchmarks are set forth below:

_____, 2017

Page 3

Fees as a
Percent of
Recovery

Benchmark Event

- | | |
|-----|--|
| 33% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter prior to the earlier of (i) submission of a proposed joint pre-trial order, or (ii) submission of a position statement to an agreed upon or court appointed mediator for the Specific Subject Matter. |
| 35% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after submission of a position statement to an agreed upon or court appointed mediator for a Specific Subject Matter. |
| 40% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after the earlier of (i) conclusion of an unsuccessful mediation, or (ii) submission of a proposed joint pre-trial order. |

The Client and the 2014 LP Trustee acknowledge that the foregoing contingency fee terms are not set by law, but are negotiable, and have been negotiated, between the Client, the 2014 LP Trustee.

The term “Recovery” shall mean (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Client and/or the 2014 LP Trustee as of the date of recovery, plus (iii) the value of any claim that is released or disallowed, plus (iv) the value of any potential unsecured claim based upon § 502(h) of the Bankruptcy Code that is released or disallowed. The dollar amount of each Recovery with respect to a Specific Subject Matter will be calculated before deduction of any applicable expenses of the lawsuit. For purposes of this agreement, if a proof of claim was filed by the subject creditor, the dollar amount of a the claim released or disallowed (other than any claim under § 506(h) of the Bankruptcy Code) will be determined based upon the dollar amount set forth in the proof of claim filed by the subject creditor which is released or disallowed. If a proof of claim was not filed by the subject creditor, the dollar amount released or disallowed will be determined based upon the dollar amount set forth in the Schedules and Assets and Liabilities filed in the bankruptcy cases by 2014 LP with respect to the subject creditor which is released or disallowed. For purposes of this agreement, the value of each dollar of each pre-petition claim or administrative claim released or disallowed will be determined based on the projected percentage recovery of the applicable class of claim. For example, if the projected recovery by unsecured claim holders was 25% on the dollar, then the value of each dollar of unsecured claim released or discharged would be .25¢.

Subject to the terms of this Agreement, the Client and the 2014 LP Trustee hereby convey, transfer, and assign to SSG an undivided interest in the Subject Matters, such interest being equal to the amount of the percentages therein described above.

Out-of-Pocket Expenses. Client and the 2014 LP Trustee acknowledge and agree that in connection with investigation and prosecution of the Subject Matters, the services of third parties will be necessary. Such other persons and entities may include, but are not limited to, court reporters, accountants, investigators and expert witnesses. Such third party fees and expenses will be billed directly to Client. Client will be responsible for paying fees and expenses of third parties. In the event that there are insufficient funds in the estate to timely pay for the third party services, SSG will advance the amount necessary and such advances will be treated as reimbursable expenses.

_____, 2017

Page 4

Client and the 2014 LP Trustee further acknowledge that SSG will incur various expenses in providing services to Client. Client agrees to reimburse SSG for all out-of-pocket expenses paid by SSG. Such expenses include, but are not limited to, charges for serving and filing papers, courier or messenger services, recording and certifying documents, depositions, transcripts, investigations, witnesses, long distance telephone calls, copying materials, and travel expenses. Expenses advanced by SSG would be reimbursed by Client solely out of Recoveries.

Settlements. Any settlement offer received by SSG will be immediately conveyed to Client and the 2014 LP Trustee with our recommendation for acceptance or rejection. Any settlement offer received by Client and the 2014 LP Trustee will be conveyed to SSG for notice purposes only.

No settlement of any nature shall be made for the Subject Matters without the approval of Client and the United States Bankruptcy Court. Client acknowledges that all communications from adverse parties or their counsel in connection with the Subject Matters are required to be directed to SSG, as counsel, pursuant to Texas Disciplinary Rule of Professional Conduct 4.02; and Client agrees to instruct all adverse parties and their counsel to communicate only through SSG, unless SSG agrees otherwise.

Conflict Matters. SSG has represented and currently represents Client on an ongoing basis with matters related to this Bankruptcy Case and other cases including, but not limited to, matters in the following bankruptcy cases: (i) *In re Payson Petroleum, Inc.* (Bankruptcy Case No. 16-41044); (ii) *In re Payson Operating, LLC* (Bankruptcy Case No. 16-41045); (iii) *In re Maricopa Resources, LLC* (Bankruptcy Case No. 16-41043); and (iv) *In re Payson Petroleum 3 Well, L.P.* (Bankruptcy Case No. 17-40179). While SSG does not anticipate that its prior and/or current representation of Client will adversely affect Client's or 2014 LP Trustee's interests in the Subject Matters, applicable rules of professional conduct require that SSG obtain Client's consent to its representation of Client with respect to the Subject Matters. Client acknowledges his express and informed consent to SSG's representation of Client with respect to the Subject Matters as well as SSG's continuing representation of Client in other matters, including related matters. 2014 LP Trustee acknowledges that he is aware that SSG represents Client in other matters, including the above-referenced related matters, and waives any conflict relating thereto.

If a controversy arises between you and any other client of SSG, SSG, after taking into account the applicable rules of professional ethics, may decline to represent you or such other client or both you and such other client. Following the conclusion of our representation of you in this matter, SSG reserves the right to represent other future clients on unrelated matters which may be adverse to your interests.

Withdrawal/Termination of Representation. Our representation may be terminated prior to the conclusion of the Subject Matters covered under this engagement letter by written notice to the other party. SSG reserves the right to withdraw from its representation if, among other things, Client fails to honor the terms of this engagement letter or fails to cooperate or follow SSG's advice on a material matter, or if any fact or circumstance would, in SSG's view, render our continuing representation unlawful, unethical or ineffective. No such termination or withdrawal, however, will relieve Client of the obligation to pay the legal fees owed for services performed and other charges owing to SSG as set forth in this agreement.

Work Files – Retention and Disposition. SSG will maintain all documents furnished to us in our files for this matter. At the conclusion of the matter covered under this engagement letter (or earlier, if appropriate), it is Client's and the 2014 LP Trustee's obligation to advise us as to which, if any, documents in our files they wish SSG to return. SSG may keep copies thereof for our records to the extent we believe

_____, 2017

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advisable. SSG will retain any remaining documents in our files for a period of one (1) year following conclusion of our representation in this matter. THEREAFTER, SUCH FILES MAY, AT OUR SOLE DISCRETION AND WITHOUT FURTHER NOTICE TO YOU, BE DESTROYED.

Email Communications. To the extent appropriate, SSG communicates with respective clients (and others) by means of electronic mail. The use of email has proven over time to be an effective and efficient means of exchanging both messages and documents. We are mindful of the concerns of some clients that email transmission could be compromised, and thus prohibit its use or prohibit its use in an unencrypted form. The use of encryption, however, though intended to be “seamless” in use, has caused difficulties in communication with some parties. Thus, to avoid the possibility of disruptions in the flow of information, and prompted by the near-unanimity on the part of bar associations throughout the country, as well as the American Bar Association, in support of the preservation of attorney-client privileges in unencrypted email communications, unless specifically instructed by you, we will assume your consent to use of unencrypted email as a means of communication.

Approval of Terms of Engagement. If the above and foregoing meets with your understanding, please so indicate by executing this agreement in the place provided below for your signature. A copy of this agreement should be retained for your files.

Bankruptcy Court Approval. The parties acknowledge that the Bankruptcy Court must approve this agreement.

Regards,

SNOW SPENCE GREEN LLP

By: _____
Phil F. Snow


Accepted and Agreed this _____ day of _____, 2017:











By: _____
Christopher J. Moser
Chapter 7 Trustee for Payson Petroleum 3 Well 2014, L.P.

By: _____
Jason R. Searcy
Chapter 11 Trustee for Payson Petroleum, Inc.

IN RE:

DEBTORS.



Case No. 16-41044

Chapter 11

Plaintiff,

VS.

Defendants.

~~~~~

**Adversary No. 16-04106**

ON THIS DATE, came on to be considered the above-entitled and numbered cause wherein Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 is the “Plaintiff” and Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P. are the “Defendants.”

After considering the Joint Motion for Entry of Agreed Final Judgment (the “Motion”) filed by Plaintiff and Defendants, other pleadings on file, and argument of the parties, if any, the Court hereby finds that the Motion should be granted. The Court further finds that:

- Payson Petroleum 3 Well, L.P. (“3 Well LP”) owes Payson Petroleum, Inc.

(“Payson Petroleum”) the sum of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) under that certain October 10, 2013 Subscription Turn Key Agreement between 3 Well LP and Payson Petroleum (the “3 Well LP Turnkey Agreement”);

- Payson Petroleum 3 Well 2014, L.P. (“2014 LP”) owes Payson Petroleum the sum of TWO MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) under that certain January 12, 2014 Subscription Turn Key Agreement between 2014 LP and Payson Petroleum (the “2014 LP Turnkey Agreement”);

- On or about Marcy 28, 2016, Maricopa Resources, LLC (“Maricopa”) assigned certain interests in the William #1H (API # 181-31557), the Crowe #2 (API #181-31543), and the Elaine #1 (API #181-31547) (collectively the “Subject Wells”) oil and gas wells and related leaseholds to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066 and are attached hereto as **Exhibit 1** (the “Avoidable Assignments”); and

- Maricopa made the Avoidable Assignments during the 90-day period preceding the filing of Maricopa’s bankruptcy petition, while Maricopa was not solvent, in furtherance of a fraudulent scheme which defrauded Maricopa’s creditors, and without receiving reasonably equivalent value in return from 3 Well LP or 2014 LP and, therefore, that the Avoidable Assignments may be avoided pursuant to 11 U.S.C. § 548(a)(1)(A) & (B).

It is therefore ORDERED, ADJUDGED, AND DECREED that the Motion is Granted;

It is further ORDERED, ADJUDGED, AND DECREED that the Avoidable Assignments are constructive and actual fraudulent transfers of the interests set forth therein and are hereby

avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B);

It is further ORDERED, ADJUDGED, AND DECREED that **Final Judgment** is hereby granted in favor of:

- Payson Petroleum against 3 Well LP in the amount of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) on account of 3 Well LP's breach of the 3 Well LP Turnkey Agreement;
- Payson Petroleum against 2014 LP in the principal amount of Two MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) on account of 2014 LP's breach of the 2014 LP Turnkey Agreement;
- Maricopa against 3 Well LP for the interests transferred to 3 Well LP via the Avoidable Assignments and/or the value thereof; and
- Maricopa against 2014 LP for the interests transferred to 2014 LP via the Avoidable Assignments and/or the value thereof.

It is further ORDERED, ADJUDGED, AND DECREED that:

- Payson Petroleum shall have an allowed unsecured claim in Bankruptcy Case No. 17-40179 in the amount of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) on account of 3 Well LP's breach of the 3 Well LP Turnkey Agreement; and
- Payson Petroleum shall have an allowed unsecured claim in Bankruptcy Case No. 17-40180 in the amount of Two MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) on account of 2014 LP's breach of the 2014 LP Turnkey Agreement.

**This is a Final Judgment. All relief not ordered herein is expressly denied.**





70 2016 00006064

**Grayson County**  
**Wilma Bush**  
**Grayson County Clerk**  
**Sherman, Texas 75090**

**Instrument Number: 2016-00006064**

As

**Recorded On: March 28, 2016****Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 6****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 8****Comment: ASSIGN**

( Parties listed above are for Clerks reference only )

**\*\* Examined and Charged as Follows: \*\***

|                         |              |
|-------------------------|--------------|
| Recordings              | 36.00        |
| <b>Total Recording:</b> | <b>36.00</b> |

\*\*\*\*\* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY  
because of color or race is invalid and unenforceable under federal law.

**File Information:****Record and Return To:**

Document Number: 2016-00006064  
Receipt Number: 447187  
Recorded Date/Time: March 28, 2016 12:09:45P  
Book-Vol/Pg: BK-OR VL-5779 PG-389  
User / Station: G WHITE - Cashiering Station 1

PAYSON PETROLEUM  
2652 FM 407 E #250  
BARTONVILLE TX 76226



THE STATE OF TEXAS  
COUNTY OF GRAYSON  
I hereby certify that this instrument was FILED in the File Number sequence on the date/time  
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

*Wilma Blackshear Bush*

Wilma Blackshear Bush, Grayson County Clerk



defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX), collectively referred to in this Assignment as the ("Well").

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recompleat at a depth not greater than the base of the Viola Limestone defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

6. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Well to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify, and hold Assignees harmless from and against all claims. Assignees shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

8. Transfer Taxes and Recording Fees. Assignees shall bear and pay: (i) all State or local government sales, documentation, transfer, gross proceeds, or similar taxes incident to or caused by the transfer of the Assets to Assignees; and, (ii) all filing, recording or registration fees for this Assignment.

9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23<sup>rd</sup> day of March 2016.

**ASSIGNOR:**  
MARICOPA RESOURCES, LLC

By: W.C. Griffin  
William C. Griffin, Secretary

**ASSIGNEE:**

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: *Matthew C. Griffin*  
Payson Petroleum Grayson, LLC, General Partner  
Matthew C. Griffin, President

Bk Vol Pg  
00006064 DR 5779 393

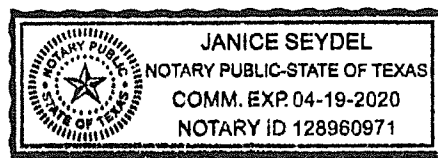
**ASSIGNEE:**

PAYSON PETROLEUM 3 WELL, L.P.

By: *Matthew C. Griffin*  
Payson Petroleum Grayson, LLC, General Partner  
Matthew C. Griffin, President

STATE OF TEXAS §  
COUNTY OF DENTON §

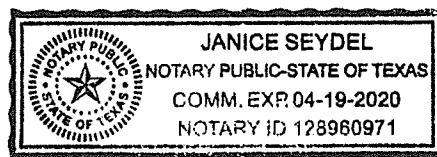
This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.



*Janice Seydel*  
Notary in and for the State of Texas

STATE OF TEXAS §  
COUNTY OF DENTON §

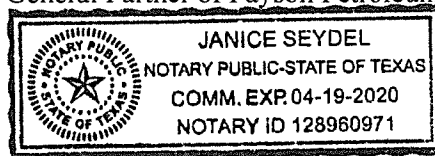
This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.



*Janice Seydel*  
Notary in and for the State of Texas

STATE OF TEXAS §  
COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.



*Janice Seydel*  
Notary in and for the State of Texas

EXHIBIT "A" TO WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE**PROPERTY DESCRIPTION:**

1. The William #1H (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of the Section 26, BLK 1, 11, 15, 16, JM Dodgin Survey, Abstract 378, Grayson County, TX, (from the surface of the earth down to the base of the Viola Limestone defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX).
2. Whether now owned or acquired in the future, all personal property, all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities and other equipment or property of any kind acquired or used for the operation of the William # 1H Well, or used for the production or sale of oil, natural gas and other products from the well.

**THE FOLLOWING DESCRIBED LEASES, ONLY INsofar AS THEY COVER AND ARE NECESSARY TO OPERATE, MAINTAIN, PRODUCE AND PLUG AND ABANDON BUT NOT DEEPEN OR SIDETRACK THE PROPERTY DESCRIBED HEREINABOVE:**

***EXHIBIT "A"***

| County  | Lessor                                                                                         | Lessee                  | Volume | Page | Date       |
|---------|------------------------------------------------------------------------------------------------|-------------------------|--------|------|------------|
| Grayson | Linda Buechner Byrne, as her separate property                                                 | TLPC Holdings, Ltd.     | 5411   | 536  | 11/18/2013 |
| Grayson | Steven Buechner                                                                                | TLPC Holdings, Ltd.     | 5411   | 532  | 11/18/2013 |
| Grayson | C. Suzanne Buechner, Individually and as Executor of the Estate of Barry L. Buechner, Deceased | TLPC Holdings, Ltd.     | 5411   | 540  | 11/18/2013 |
| Grayson | Kennedy & Minshaw, PC                                                                          | TLPC Holdings, Ltd.     | 5049   | 747  | 11/10/2011 |
| Grayson | Kenneth Dolezalek                                                                              | TLPC Holdings, Ltd.     | 5061   | 139  | 9/30/2011  |
| Grayson | Louie A. Hattensty, Jr.                                                                        | TLPC Holdings, Ltd.     | 5057   | 937  | 11/10/2011 |
| Grayson | Bessie M. Dolezalek                                                                            | TLPC Holdings, Ltd.     | 5031   | 870  | 9/30/2011  |
| Grayson | Barbara B. Vogelsang                                                                           | TLPC Holdings, Ltd.     | 5031   | 846  | 9/30/2011  |
| Grayson | Burgess E. Buchanan, Jr.                                                                       | TLPC Holdings, Ltd.     | 5031   | 854  | 9/30/2011  |
| Grayson | John Yates Buchanan                                                                            | TLPC Holdings, Ltd.     | 5031   | 862  | 9/30/2011  |
| Grayson | Susan R. Greene                                                                                | TLPC Holdings, Ltd.     | 5031   | 398  | 8/18/2011  |
| Grayson | Hugh Ringgold                                                                                  | TLPC Holdings, Ltd.     | 5031   | 390  | 8/18/2011  |
| Grayson | Kathryn Michelle Looney                                                                        | TLPC Holdings, Ltd.     | 5034   | 673  | 9/30/2011  |
| Grayson | Anita Anderson, Power of Attorney for Gary Michael Looney                                      | TLPC Holdings, Ltd.     | 5034   | 665  | 9/30/2011  |
| Grayson | Charles Evans                                                                                  | TLPC Holdings, Ltd.     | 5036   | 856  | 9/30/2011  |
| Grayson | John F. Evans                                                                                  | TLPC Holdings, Ltd.     | 5031   | 406  | 9/30/2011  |
| Grayson | Robert Yates Evans Jr.                                                                         | TLPC Holdings, Ltd.     | 5031   | 414  | 9/30/2011  |
| Grayson | SH Productions, Inc.                                                                           | Maricopa Resources, LLC | 5464   | 919  | 2/24/2014  |
| Grayson | Kathy Reed                                                                                     | Maricopa Resources, LLC | 5464   | 927  | 2/24/2014  |
| Grayson | Kirk E Reed                                                                                    | Maricopa Resources, LLC | 5464   | 931  | 2/24/2014  |
| Grayson | Southstar Energy Corp                                                                          | Maricopa Resources, LLC | 5464   | 915  | 2/24/2014  |
| Grayson | Washita Mineral Co                                                                             | Maricopa Resources, LLC | 5464   | 923  | 2/24/2014  |
| Grayson | Endeavor Energy Resources, L.P.                                                                | OKT Resources, LLC      | 4981   | 402  | 2/1/2011   |

|         |                                                                                       |                       |      |             |           |
|---------|---------------------------------------------------------------------------------------|-----------------------|------|-------------|-----------|
| Grayson | Thomas W. Lett, Individually and as Trustee of the Sam Lett Testamentary Trust        | OKT Resources, LLC    | 4418 | 520         | 2/1/2008  |
| Grayson | Castello Enterprises, Inc.                                                            | OKT Resources, LLC    | 4980 | 156         | 2/1/2011  |
| Grayson | Wilbur Lee Dean III                                                                   | Matthew Avery         | 4296 | 513         | 4/18/2007 |
| Grayson | Joseph Glen Dean                                                                      | Matthew Avery         | 4296 | 506         | 4/18/2007 |
| Grayson | Paula Marie Dean Halbach, aka Paula Marie Dean                                        | Matthew Avery         | 4980 | 140         | 4/18/2007 |
| Grayson | Landon Boyd Odle                                                                      | Matthew Avery         | 4760 | 92          | 1/31/2007 |
| Grayson | Douglas Kent Odle                                                                     | Matthew Avery         | 4760 | 88          | 3/6/2007  |
| Grayson | Gary Wayne Odle, dealing in his sole and separate property                            | Matthew Avery         | 4296 | 493         | 5/10/2007 |
| Grayson | LaJuan Odle                                                                           | Matthew Avery         | 4760 | 92          | 1/30/2007 |
| Grayson | Pottsboro Church of Christ                                                            | Matthew Avery         | 4983 | 321         | 4/10/2011 |
| Grayson | Vurlas Lane Wilson, a/k/a Verlas Lane Wilson and Marjorie Marie Wilson H/W            | Matthew Avery         | 4296 | 469         | 4/27/2007 |
| Grayson | John Robert Hooper                                                                    | Paradise Springs, LLC | 4993 | 305         | 2/12/2011 |
| Grayson | Berdine Eberhart and Tom Eberhart W/H                                                 | Matthew Avery         | 4296 | 441         | 4/27/2007 |
| Grayson | Terry Lee Garofalo, a married woman dealing in her sole and separate property         | Matthew Avery         | 4980 | 144         | 1/2/2011  |
| Grayson | Ann W. Tracy, Trustee under the Ann W. Tracy Revocable Trust dated January 8, 1991    | Matthew Avery         | 4296 | 457         | 6/27/2007 |
| Grayson | Ilva Wilson, Ind and as Trustee of the James M Wilson Jr and Ilva Wilson Family Trust | Matthew Avery         | 4297 | 46          | 6/27/2007 |
| Grayson | Bobby C Wilson                                                                        | Matthew Avery         | 4296 | 461         | 6/27/2007 |
| Grayson | Peggy Ann Gehrig                                                                      | Matthew Avery         | 4296 | 449         | 6/27/2007 |
| Grayson | Thomas J. Wilson                                                                      | Matthew Avery         | 4296 | 466         | 6/27/2007 |
| Grayson | Lee Marjorie Hooper                                                                   | Matthew Avery         | 4296 | 454         | 4/27/2007 |
| Grayson | Berdine Eberhart and Tom Eberhart W/H                                                 | Matthew Avery         | 4296 | 441         | 4/27/2007 |
| Grayson | Terry Lee Garofalo and Marty J. Garofalo, wife and husband                            | Matthew Avery         | 4296 | 445         | 4/27/2007 |
| Grayson | Anadarko E&P Onshore, LLC                                                             | Paradise Springs, LLC | 5355 | 704         | 8/28/2013 |
| Grayson | Wel-Mar Investments                                                                   | Paradise Springs, LLC | 5274 | 698         | 3/15/2013 |
| Grayson | PCB Trust, Philip C. Brown, Trustee, and Philip Charles Brown                         | Paradise Springs, LLC | 5274 | 701         | 3/15/2013 |
| Grayson | Norman D. O'Neal                                                                      | Paradise Springs, LLC | 5367 | 400         | 9/10/2013 |
| Grayson | Norman D. O'Neal                                                                      | Paradise Springs, LLC | 5002 | 826         | 8/21/2011 |
| Grayson | Wel-Mar Investments                                                                   | Paradise Springs, LLC | 5002 | 830         | 8/21/2011 |
| Grayson | Philip C Brown, a/ka Philip Charles Brown; PCB Trust                                  | Paradise Springs, LLC | 5002 | 834;<br>838 | 8/21/2011 |

**END OF EXHIBIT "A"**

**Grayson County**  
**Wilma Bush**  
**Grayson County Clerk**  
**Sherman, Texas 75090**



70 2016 00006066

**Instrument Number: 2016-00006066**

As

**Recorded On: March 28, 2016****Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 5****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 7****Comment: ASSIGN**

( Parties listed above are for Clerks reference only )

**\*\* Examined and Charged as Follows: \*\***

|                         |              |
|-------------------------|--------------|
| Recordings              | 32.00        |
| <b>Total Recording:</b> | <b>32.00</b> |

**\*\*\*\*\* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\***

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY  
because of color or race is invalid and unenforceable under federal law.

**File Information:****Record and Return To:**

Document Number: 2016-00006066  
Receipt Number: 447187  
Recorded Date/Time: March 28, 2016 12:09:45P  
Book-Vol/Pg: BK-OR VL-5779 PG-404  
User / Station: G WHITE - Cashiering Station 1

PAYSON PETROLEUM  
2652 FM 407 E #250  
BARTONVILLE TX 76226



THE STATE OF TEXAS  
COUNTY OF GRAYSON  
I hereby certify that this instrument was FILED in the File Number sequence on the date/time  
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

*Wilma Blackshear Bush*

Wilma Blackshear Bush, Grayson County Clerk



b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recomplete at a measured depth not greater than 11,164', and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all

claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

6. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Well to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify, and hold Assignees harmless from and against all claims. Assignees shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

8. Transfer Taxes and Recording Fees. Assignees shall bear and pay: (i) all State or local government sales, documentation, transfer, gross proceeds, or similar taxes incident to or caused by the transfer of the Assets to Assignees; and, (ii) all filing, recording or registration fees for this Assignment.

9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

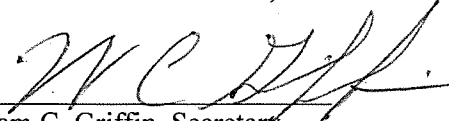
11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23<sup>rd</sup> day of March 2016.

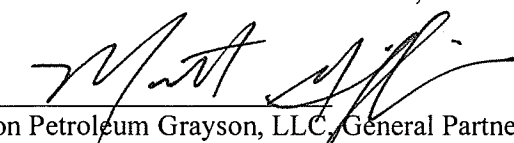
**ASSIGNOR:**

MARICOPA RESOURCES, LLC

By:   
William C. Griffin, Secretary

**ASSIGNEE:**

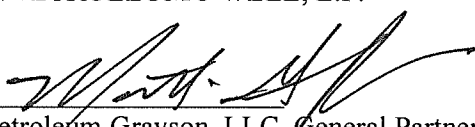
PAYSON PETROLEUM 3 WELL 2014, L.P.

By:   
Payson Petroleum Grayson, LLC, General Partner  
Matthew C. Griffin, President

**ASSIGNEE:**

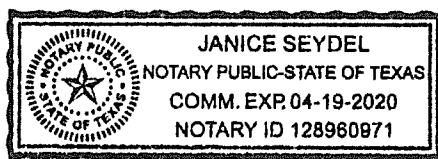
PAYSON PETROLEUM 3 WELL, L.P.

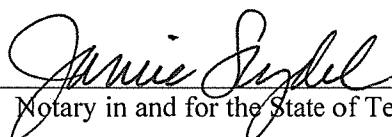
Bk Vol Pg  
00006066 DR 5779 408

By:   
Payson Petroleum Grayson, LLC, General Partner  
Matthew C. Griffin, President

STATE OF TEXAS §  
§  
COUNTY OF DENTON §

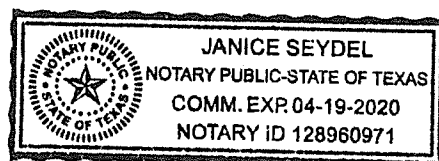
This instrument was acknowledged before me on March 23<sup>rd</sup>, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.

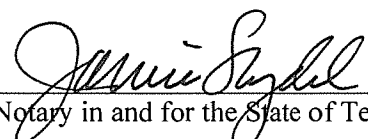


  
Notary in and for the State of Texas

STATE OF TEXAS §  
§  
COUNTY OF DENTON §

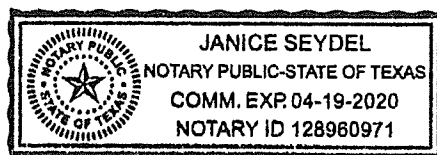
This instrument was acknowledged before me on March 23<sup>rd</sup>, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.

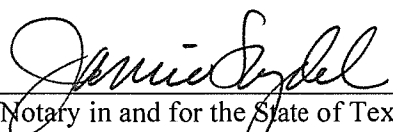


  
Notary in and for the State of Texas

STATE OF TEXAS §  
§  
COUNTY OF DENTON §

This instrument was acknowledged before me on March 23<sup>rd</sup>, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.



  
Notary in and for the State of Texas



**Grayson County**  
**Wilma Bush**  
**Grayson County Clerk**  
**Sherman, Texas 75090**



70 2016 00006065

**Instrument Number: 2016-00006065**

As

**Recorded On: March 28, 2016****Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 5****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 7****Comment: ASSIGN**

( Parties listed above are for Clerks reference only )

**\*\* Examined and Charged as Follows: \*\***

|                         |              |
|-------------------------|--------------|
| Recordings              | 32.00        |
| <b>Total Recording:</b> | <b>32.00</b> |

**\*\*\*\*\* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\***

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY  
because of color or race is invalid and unenforceable under federal law.

**File Information:****Record and Return To:**

Document Number: 2016-00006065

Receipt Number: 447187

PAYSON PETROLEUM

Recorded Date/Time: March 28, 2016 12:09:45P

2652 FM 407 E #250

Book-Vol/Pg: BK-OR VL-5779 PG-397

BARTONVILLE TX 76226

User / Station: G WHITE - Cashiering Station 1



THE STATE OF TEXAS  
COUNTY OF GRAYSON

I hereby certify that this instrument was FILED in the File Number sequence on the date/time  
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

*Wilma Blackshear Bush*

Wilma Blackshear Bush, Grayson County Clerk



b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

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To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

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3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

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9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

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This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23<sup>rd</sup> day of March 2016.

**ASSIGNOR:**

MARICOPA RESOURCES, LLC

By: 

William C. Griffin, Secretary

**ASSIGNEE:**

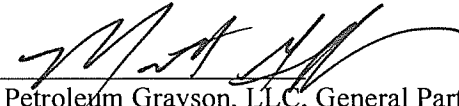
PAYSON PETROLEUM 3 WELL 2014, L.P.

By: 

Payson Petroleum Grayson, LLC, General Partner  
Matthew C. Griffin, President

**ASSIGNEE:**

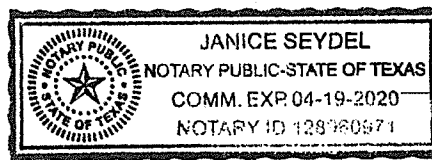
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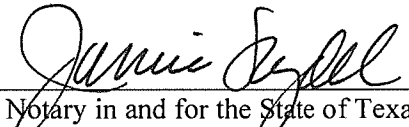
By:   
 Payson Petroleum Grayson, LLC, General Partner  
 Matthew C. Griffin, President

STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.

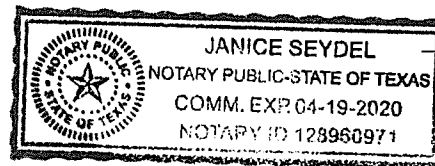


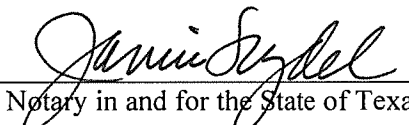
  
 Notary in and for the State of Texas

STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.

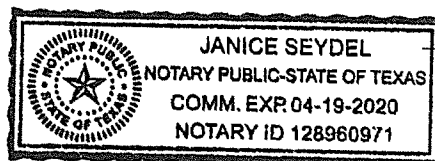


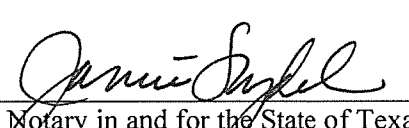
  
 Notary in and for the State of Texas

STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.



  
 Notary in and for the State of Texas



## EXHIBIT 4 TO SETTLEMENT AGREEMENT

## JOINT MOTION FOR ENTRY OF AGREED FINAL JUDGMENT

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION**

|                                |   |                             |
|--------------------------------|---|-----------------------------|
| <b>IN RE:</b>                  | § |                             |
|                                | § |                             |
| <b>PAYSON PETROLEUM, INC.,</b> | § | <b>JOINTLY ADMINISTERED</b> |
| <b>MARICOPA RESOURCES, LLC</b> | § |                             |
| <b>PAYSON OPERATING, LLC,</b>  | § | <b>Case No. 16-41044</b>    |
|                                | § |                             |
| <b>DEBTORS.</b>                | § | <b>Chapter 11</b>           |

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|                                      |   |                               |
|--------------------------------------|---|-------------------------------|
| <b>JASON R. SEARCY,</b>              | § |                               |
| <b>CHAPTER 11 TRUSTEE,</b>           | § |                               |
|                                      | § |                               |
| <b>Plaintiff,</b>                    | § |                               |
|                                      | § |                               |
| <b>vs.</b>                           | § | <b>Adversary No. 16-04106</b> |
|                                      | § |                               |
| <b>PAYSON PETROLEUM 3 WELL, L.P.</b> | § |                               |
| <b>&amp; PAYSON PETROLEUM 3 WELL</b> | § |                               |
| <b>2014, L.P.,</b>                   | § |                               |
|                                      | § |                               |
| <b>Defendants.</b>                   | § |                               |

**JOINT MOTION FOR ENTRY OF AGREED FINAL JUDGMENT**

TO THE HONORABLE BRENDA RHOADES, U. S. BANKRUPTCY JUDGE:

COME NOW, Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 (the “Payson Trustee”) and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 (the “LP Trustee”) to file their *Joint Motion for Entry of Agreed Final Judgment* (the “Joint Motion”), and in support thereof, respectfully show unto the Court the following:

1. On July 13, 2017, Payson Trustee filed his First Amended Complaint in this adversary proceeding against Payson Petroleum 3 Well, L.P. (“3 Well LP”) and Payson Petroleum 3 Well 2014, L.P. (“2014 LP”) and asserted, *inter alia*, the following claims:

- breach of contract claims on behalf of Payson Petroleum, Inc. (“Payson Petroleum”) against 3 Well LP and 2014 LP (collectively the “Defendants”) for failure to pay amounts owed under certain “Turnkey Agreements;”
- actual and constructive fraudulent transfer claims on behalf of Payson Petroleum against Defendants to avoid and recover certain investment amounts Payson Petroleum transferred to Defendants;
- actual and constructive fraudulent transfer claims on behalf of Maricopa Resources, LLC (“Maricopa”) against Defendants to avoid and recover certain wellbore interests that Maricopa transferred to Defendants during the 90-day period prior to June 10, 2016 in the Elaine No. 1, Crowe No. 2, and William No. 1H Wells (collectively the “Subject Wells”); and
- preferential transfer claims on behalf of Maricopa against Defendants to avoid and recover the interests in the Subject Wells that Maricopa transferred to Defendants during the 90-day period prior to June 10, 2016.

(collectively the “Subject Claims”).

2. Following arms-length negotiations, the Payson Trustee and LP Trustee determined to settle disputes related to the Subject Claims, entered into that certain Settlement Agreement dated \_\_\_\_\_, 2017 (the “Agreement”), and filed Joint Motions to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 in Bankruptcy Case Nos. 16-40144, 17-40179, and 17-40180 (the “Joint Motions to Compromise”) which sought entry of agreed orders in the applicable bankruptcy cases approving the Agreement (the “Agreed Orders”).

3. On \_\_\_\_\_, the Court entered the Agreed Orders.

4. As more fully set forth in the Agreement, Joint Motions to Compromise, and Agreed Orders, the parties have agreed to entry of the “Agreed Final Judgment” in the form attached hereto as **Exhibit 1** in order to fully resolve the issues in the above-titled adversary



## CERTIFICATE OF SERVICE

I certify that on the \_\_\_\_ day of \_\_\_\_\_, 2017, a true and correct copy of the above and foregoing was served on the interested parties via the Court's ECF notification system.

Blake Hamm

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION**

## EASTERN DISTRICT OF TEXAS

**SHERMAN DIVISION**













**IN RE:**

**PAYSON PETROLEUM, INC.,  
MARICOPA RESOURCES, LLC  
PAYSON OPERATING, LLC,**

**MARICOPA RESOURCES, LLC**

**PAYSON OPERATING, LLC,**

**DEBTORS.**

## JOINTLY ADMINISTERED

**Case No. 16-41044**

## Chapter 11

**JASON R. SEARCY,**  
**CHAPTER 11 TRUSTEE,**

## CHAPTER 11 TRUSTEE.

**Plaintiff,**

**VS.**

**PAYSON PETROLEUM 3 WELL, L.P.**

**& PAYSON PETROLEUM 3 WELL**

**2014, L.P.,**

## Defendants.

~~~~~

Adversary No. 16-04106

AGREED FINAL JUDGMENT

ON THIS DATE, came on to be considered the above-entitled and numbered cause wherein Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 is the “Plaintiff” and Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P. are the “Defendants.”

wherein Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources,

LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 is the

“Plaintiff” and Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P. are the

“Defendants.”

After considering the Joint Motion for Entry of Agreed Final Judgment (the “Motion”) filed by Plaintiff and Defendants, other pleadings on file, and argument of the parties, if any, the Court hereby finds that the Motion should be granted. The Court further finds that:

filed by Plaintiff and Defendants, other pleadings on file, and argument of the parties, if any, the

Court hereby finds that the Motion should be granted. The Court further finds that:

- Payson Petroleum 3 Well, L.P. (“3 Well LP”) owes Payson Petroleum, Inc.

(“Payson Petroleum”) the sum of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) under that certain October 10, 2013 Subscription Turn Key Agreement between 3 Well LP and Payson Petroleum (the “3 Well LP Turnkey Agreement”);

- Payson Petroleum 3 Well 2014, L.P. (“2014 LP”) owes Payson Petroleum the sum of TWO MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) under that certain January 12, 2014 Subscription Turn Key Agreement between 2014 LP and Payson Petroleum (the “2014 LP Turnkey Agreement”);

- On or about Marcy 28, 2016, Maricopa Resources, LLC (“Maricopa”) assigned certain interests in the William #1H (API # 181-31557), the Crowe #2 (API #181-31543), and the Elaine #1 (API #181-31547) (collectively the “Subject Wells”) oil and gas wells and related leaseholds to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066 and are attached hereto as **Exhibit 1** (the “Avoidable Assignments”); and

- Maricopa made the Avoidable Assignments during the 90-day period preceding the filing of Maricopa’s bankruptcy petition, while Maricopa was not solvent, in furtherance of a fraudulent scheme which defrauded Maricopa’s creditors, and without receiving reasonably equivalent value in return from 3 Well LP or 2014 LP and, therefore, that the Avoidable Assignments may be avoided pursuant to 11 U.S.C. § 548(a)(1)(A) & (B).

It is therefore ORDERED, ADJUDGED, AND DECREED that the Motion is Granted;

It is further ORDERED, ADJUDGED, AND DECREED that the Avoidable Assignments are constructive and actual fraudulent transfers of the interests set forth therein and are hereby

SUBMITTED BY:

/s/

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC, AND MARICOPA RESOURCES, LLC

AGREED AS TO FORM AND SUBSTANCE:

/s/

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC, AND MARICOPA RESOURCES, LLC

/s/

Keith W. Harvey
State Bar No. 09180100
THE HARVEY LAW FIRM, P.C.
6510 Abrams Road Suite 280
Dallas, Texas 75231
(972) 243-3960 Phone
(972)-241-3970 Facsimile

COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE FOR PAYSON PETROLEUM 3 WELL, L.P. AND PAYSON PETROLEUM 3 WELL 2014, L.P.



70 2016 00006064

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090

Instrument Number: 2016-00006064

As

Recorded On: March 28, 2016

Recordings

Parties: MARICOPA RESOURCES LLC

Billable Pages: 6

To PAYSON PETROLEUM 3 WELL 2014 LP ETAL

Number of Pages: 8

Comment: ASSIGN

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Recordings	36.00
Total Recording:	36.00

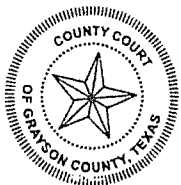
***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:**Record and Return To:**

Document Number: 2016-00006064
Receipt Number: 447187
Recorded Date/Time: March 28, 2016 12:09:45P
Book-Vol/Pg: BK-OR VL-5779 PG-389
User / Station: G WHITE - Cashiering Station 1

PAYSON PETROLEUM
2652 FM 407 E #250
BARTONVILLE TX 76226



THE STATE OF TEXAS
COUNTY OF GRAYSON
I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

Wilma Blackshear Bush

Wilma Blackshear Bush, Grayson County Clerk

defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX), collectively referred to in this Assignment as the ("Well").

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recompleat at a depth not greater than the base of the Viola Limestone defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE – Page 3

ASSIGNEE:

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: *Matthew C. Griffin*
Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

Bk Vol Pg
00006064 DR 5779 393

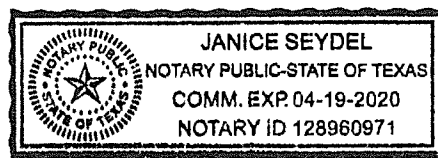
ASSIGNEE:

PAYSON PETROLEUM 3 WELL, L.P.

By: *Matthew C. Griffin*
Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

STATE OF TEXAS §
COUNTY OF DENTON §

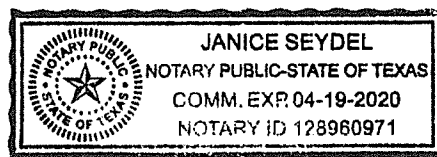
This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.



Janice Seydel
Notary in and for the State of Texas

STATE OF TEXAS §
COUNTY OF DENTON §

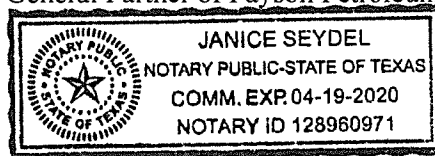
This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.



Janice Seydel
Notary in and for the State of Texas

STATE OF TEXAS §
COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.



Janice Seydel
Notary in and for the State of Texas

EXHIBIT "A" TO WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE**PROPERTY DESCRIPTION:**

1. The William #1H (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of the Section 26, BLK 1, 11, 15, 16, JM Dodgin Survey, Abstract 378, Grayson County, TX, (from the surface of the earth down to the base of the Viola Limestone defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX).
2. Whether now owned or acquired in the future, all personal property, all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities and other equipment or property of any kind acquired or used for the operation of the William # 1H Well, or used for the production or sale of oil, natural gas and other products from the well.

THE FOLLOWING DESCRIBED LEASES, ONLY INsofar AS THEY COVER AND ARE NECESSARY TO OPERATE, MAINTAIN, PRODUCE AND PLUG AND ABANDON BUT NOT DEEPEN OR SIDETRACK THE PROPERTY DESCRIBED HEREINABOVE:

EXHIBIT "A"

County	Lessor	Lessee	Volume	Page	Date
Grayson	Linda Buechner Byrne, as her separate property	TLPC Holdings, Ltd.	5411	536	11/18/2013
Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411	532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of the Estate of Barry L. Buechner, Deceased	TLPC Holdings, Ltd.	5411	540	11/18/2013
Grayson	Kennedy & Minshew, PC	TLPC Holdings, Ltd.	5049	747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061	139	9/30/2011
Grayson	Louie A. Hattensty, Jr.	TLPC Holdings, Ltd.	5057	937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031	870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031	846	9/30/2011
Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031	854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031	862	9/30/2011
Grayson	Susan R. Greene	TLPC Holdings, Ltd.	5031	398	8/18/2011
Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031	390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034	673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034	665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036	856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031	406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031	414	9/30/2011
Grayson	SH Productions, Inc.	Maricopa Resources, LLC	5464	919	2/24/2014
Grayson	Kathy Reed	Maricopa Resources, LLC	5464	927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464	931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464	915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464	923	2/24/2014
Grayson	Endeavor Energy Resources, L.P.	OKT Resources, LLC	4981	402	2/1/2011

END OF EXHIBIT "A"

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090



70 2016 00006066

Instrument Number: 2016-00006066

As

Recorded On: March 28, 2016**Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 5****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 7****Comment: ASSIGN**

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Recordings	32.00
Total Recording:	32.00

******* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:**Record and Return To:**

Document Number: 2016-00006066
Receipt Number: 447187
Recorded Date/Time: March 28, 2016 12:09:45P
Book-Vol/Pg: BK-OR VL-5779 PG-404
User / Station: G WHITE - Cashiering Station 1

PAYSON PETROLEUM
2652 FM 407 E #250
BARTONVILLE TX 76226



THE STATE OF TEXAS
COUNTY OF GRAYSON
I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

Wilma Blackshear Bush

Wilma Blackshear Bush, Grayson County Clerk

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

**WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE,
AND RELEASE**

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS that the undersigned Maricopa Resources, LLC, whose address is 2652 FM 407 E #250, Bartonville, Texas, 76226 (the "Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, does hereby BARGAIN, SELL, GRANT, ASSIGN and CONVEY unto the following parties (the "Assignees") in the percentages as listed below, all of Assignor's right, title and interest in and to the well and wellbore described below, together with the rights associated with the wellbore as specifically described below (collectively the "Assets," as that term is defined below).

Payson Petroleum 3 Well 2014, L.P. an undivided 72.210840%
2652 FM 407 E #250
Bartonville, Texas 76226

Payson Petroleum 3 Well, L.P. an undivided 27.789160%
2652 FM 407 E #250
Bartonville, Texas 76226

This Wellbore Assignment, Conveyance, Bill of Sale, and Release (the "Assignment"), dated to be effective April 9, 2014 (the "Effective Date"), is subject to all instruments of record, including land owners royalty interests and reserved overriding royalty interests.

Assignor excepts from this Assignment and reserves unto itself an overriding royalty interest that is equal to the difference between the lease burdens and twenty-five percent (25%) of all oil, gas and other minerals that may be produced from the lands under the terms of the Leases, as that term is defined below.

This Assignment is further subject to that certain Assignment of Oil and Gas Leases, dated November 23, 2010, entered into between Atoka Operating, Inc. and Barber Exploration Company, and recorded in Volume 4888, Page 924, of the Official Public Records of Grayson County, Texas.

Assignor does not assign to Assignees any of its interest in and to the Excluded Assets, as that term is defined below.

To accomplish the foregoing, Assignor and Assignees agree as follows:

ASSIGNMENT AND AGREEMENT

For valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor sells, assigns, transfers, delivers, and conveys to Assignees the following, all of which are collectively called the ("Assets"):

- a. The Crowe #2 (API #181-31543) and associated wellbore, with a surface location situated at latitude 33° 49' 10" – north, longitude 96° 41' 55" – west, in Section 11, BLK 1, 11, 15, 16, the South 79 acres of the Wood & Buckles Survey, Abstract 1373, Grayson County, TX, (from the surface of the earth down to the measured depth of 11,164'), collectively referred to in this Assignment as the ("Well").

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recompleat at a measured depth not greater than 11,164', and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all

claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

6. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Well to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify, and hold Assignees harmless from and against all claims. Assignees shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

8. Transfer Taxes and Recording Fees. Assignees shall bear and pay: (i) all State or local government sales, documentation, transfer, gross proceeds, or similar taxes incident to or caused by the transfer of the Assets to Assignees; and, (ii) all filing, recording or registration fees for this Assignment.

9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23rd day of March 2016.

ASSIGNOR:

MARICOPA RESOURCES, LLC

By: 

William C. Griffin, Secretary

ASSIGNEE:

PAYSON PETROLEUM 3 WELL 2014, L.P.

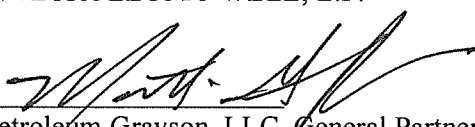
By: 

Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

ASSIGNEE:

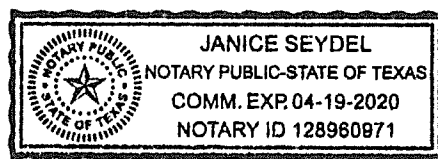
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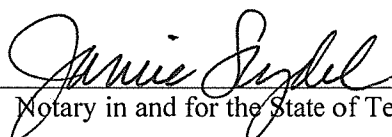
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By: 
Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

STATE OF TEXAS §
§
COUNTY OF DENTON §

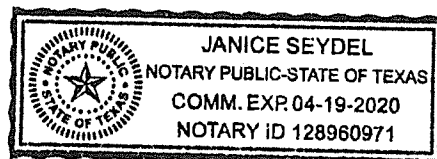
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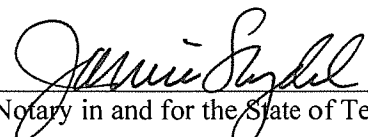



Notary in and for the State of Texas

STATE OF TEXAS §
§
COUNTY OF DENTON §

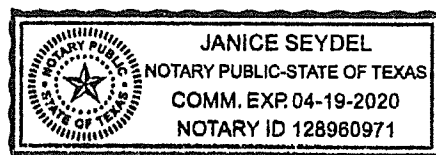
This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.

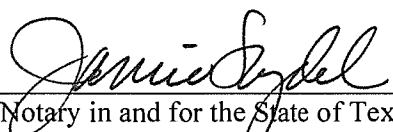



Notary in and for the State of Texas

STATE OF TEXAS §
§
COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.




Notary in and for the State of Texas

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090



70 2016 00006065

Instrument Number: 2016-00006065

As

Recorded On: March 28, 2016**Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 5****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 7****Comment: ASSIGN**

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Recordings	32.00
Total Recording:	32.00

******* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:**Record and Return To:**

Document Number: 2016-00006065

Receipt Number: 447187

PAYSON PETROLEUM

Recorded Date/Time: March 28, 2016 12:09:45P

2652 FM 407 E #250

Book-Vol/Pg: BK-OR VL-5779 PG-397

BARTONVILLE TX 76226

User / Station: G WHITE - Cashiering Station 1

THE STATE OF TEXAS
COUNTY OF GRAYSONI hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

Wilma Blackshear Bush, Grayson County Clerk

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recompleat at a measured depth not greater than 12,309', and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all

claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

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7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

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9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23rd day of March 2016.

ASSIGNOR:

MARICOPA RESOURCES, LLC

By: 

William C. Griffin, Secretary

ASSIGNEE:

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: 

Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

ASSIGNEE:

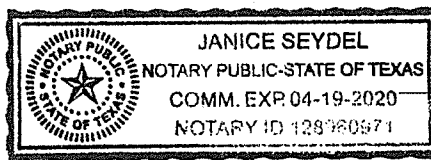
PAYSON PETROLEUM 3 WELL, L.P.

By: *Matthew C. Griffin*
 Payson Petroleum Grayson, LLC, General Partner
 Matthew C. Griffin, President

STATE OF TEXAS §

COUNTY OF DENTON §

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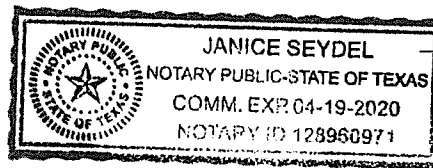


Janice Seydel
 Notary in and for the State of Texas

STATE OF TEXAS §

COUNTY OF DENTON §

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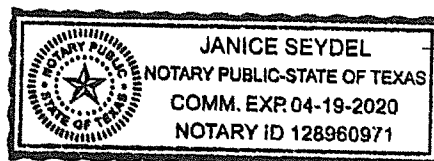


Janice Seydel
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STATE OF TEXAS §

COUNTY OF DENTON §

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Janice Seydel
 Notary in and for the State of Texas

EXHIBIT "A" TO WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE

PROPERTY DESCRIPTION:

1. The Elaine #1 (API #181-31547) and associated wellbore, with a surface location situated at latitude 33° 44' 55" – north, longitude 96° 41' 02" – west, in Section 26, BLK 1, 11, 15, 16, the East half of the J.C. Wade Survey, Abstract 1382, Grayson County, TX, (from the surface of the earth down to the measured depth of 12,309'), collectively referred to in this Assignment as the ("Well").
2. Whether now owned or acquired in the future, all personal property, all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities and other equipment or property of any kind acquired or used for the operation of the Elaine #1 Well, or used for the production or sale of oil, natural gas and other products from the well.

THE FOLLOWING DESCRIBED LEASES, ONLY INsofar AS THEY COVER AND ARE NECESSARY TO OPERATE, MAINTAIN, PRODUCE AND PLUG AND ABANDON BUT NOT DEEPEN OR SIDETRACK THE PROPERTY DESCRIBED HEREINABOVE:

EXHIBIT "A"

County	Lessor	Lessee	Volume	Page	Date
Grayson	Linda Buechner Byrne, as her separate property	TLPC Holdings, Ltd.	5411	536	11/18/2013
Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411	532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of the Estate of Barry L. Buechner, Deceased	TLPC Holdings, Ltd.	5411	540	11/18/2013
Grayson	Kennedy & Minshew, PC	TLPC Holdings, Ltd.	5049	747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061	139	9/30/2011
Grayson	Louie A. Hattensy, Jr.	TLPC Holdings, Ltd.	5057	937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031	870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031	846	9/30/2011
Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031	854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031	862	9/30/2011
Grayson	Susan R. Greene	TLPC Holdings, Ltd.	5031	398	8/18/2011
Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031	390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034	673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034	665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036	856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031	406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031	414	9/30/2011
Grayson	SH Productions, Inc.	Maricopa Resources, LLC	5464	919	2/24/2014
Grayson	Kathy Reed	Maricopa Resources, LLC	5464	927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464	931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464	915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464	923	2/24/2014
Grayson	Carin Isabel Knoop	Maricopa Resources, LLC	5464	910	4/7/2014
Grayson	Preston 150 Joint Venture	Maricopa Resources, LLC	5521	166	3/24/2014

END OF EXHIBIT "A"

CONTRACT OPERATING SERVICES AGREEMENT

This Contract Operating Services Agreement (this "**Agreement**") made and entered into this ____ day of July, 2016 by and between Traton Operating Company. (hereinafter "**Contractor**"), and Payson Operating, LLC, (hereinafter "**Owner**"). Owner and Contractor are referred to collectively as the "**Parties**" and individually as a "**Party**".

WITNESSETH:

WHEREAS, Owner owns undivided working interests in the oil and gas leases (the "**Leases**") located in the counties and states as described in or covered by the Subject JOAs, as defined below, and as same may be amended from time to time (the land described in such Leases is referred to herein as the "**Contract Area**");

WHEREAS, Owner desires to retain the services of Contractor to act as a contract operator for the Leases; and

WHEREAS, Contractor has the capability to and desires to render such services on behalf of Owner.

WHEREAS, Contractor will perform the services as required by the Owner (of which Payson Operating, LLC is the operator of record at the Texas RRC) under certain joint operating agreements covering the Leases in the Contract Area more particularly described on *Exhibit A*, as same may be amended from time to time (the "**Subject JOAs**");

NOW, THEREFORE, based upon the mutual covenants and considerations contained herein, the sufficiency of which is hereby acknowledged, Contractor and Owner agree as follows:

ARTICLE I

DESIGNATION AND RESPONSIBILITIES OF CONTRACTOR

1.1 Subject to the terms of this Agreement, Contractor shall conduct and direct all operations on the Leases as permitted and required by and within the limits of this Agreement (the "**Services**"). Contractor shall perform all services with due diligence and dispatch in accordance with the standards for the Operator under the Subject JOAs and generally accepted oil field practice, conforming to all applicable laws, rules, orders and regulations of any competent governmental body, which are now or may become applicable to the operations contemplated by this Agreement. Owner agrees to assist Contractor by providing Contractor with authorizations necessary for the proper performance of its services. Contractor shall use all possible care and diligence to ensure that the Services rendered pursuant to this Agreement are performed:

- 1) reasonably and prudently;
- 2) in a skillful and workmanlike manner;

- 3) in full compliance with all applicable local, municipal, county, state and federal laws and regulations.

Contractor shall perform all work and labor appropriate or necessary for setting, installing, handling, caring for, and maintaining all materials, equipment, and supplies furnished by Owner in connection with the Services.

1.2 Subject to the terms of this Agreement, Contractor shall manage, develop and supervise the Contract Area. Pursuant to such obligations and as required by Owner and as applicable, Contractor shall:

- (a) Supervise contract or Contractor's pumpers, whose services will include but will not be limited to gauging tanks, recording well pressure, preparing gauge reports, treating oil, making minor repairs, and reporting unusual or abnormal occurrences.
- (b) Review well performance and prepare for Owner monthly reports that summarize production in Contractor's standard form on a per well basis for each of the Subject JOAs. Contractor shall also note and evaluate any abnormal changes in production.
- (c) Prepare and furnish to any duly constituted authority having jurisdiction over the Leases any and all reports, statements and information that may be required.
- (d) Use its best efforts to establish and maintain complete and accurate well files containing information on operations performed in connection with each well.
- (e) Review and approve all invoices and charges for all expenses incurred and credits received.
- (f) Keep accurate books of account showing all items of cost or expense incurred in connection with the Leases, and Contract Area with respect to each of the Subject JOAs, and make and pay all charges in accordance with the provisions of this Agreement.
- (g) Prepare and render billings to the Owner and non-operators with respect to each of the Subject JOAs for approved expenses and charges for services as Contractor as agreed herein.

1.3 Upon Owner's request, Contractor shall perform the following services in connection with general requests from partners or as otherwise instructed by the Trustee, completing, working-over, or drilling any well in the Contract Area, or reworking, deepening, or plugging back a dry hole:

- (a) Conduct field inspection and inventory equipment

(b) Locate and contract, on Owner's behalf, contract pumpers or gages for the Contract Area

(c) Supervise all routine well service operations and repair and maintenance operations, including onsite supervision of the installation or removal of well equipment, pumping of any treating fluid or substance into a well, and other onsite operations performed under contract by third party or with leased equipment.

(d) Supervise all drilling and completion operations, workover operations, recompletion operations, and any type of remedial operation, whether or not it would ordinarily be considered a normal well-service operation. This includes contracting with supervisory personnel for onsite supervision as required and maintaining overall supervision of such personnel through day-to-day contact.

(e) Prepare operating and drilling procedures.

(f) Prepare operating cost estimates and circulate Authorizations for Expenditures for Owner's approval.

(g) Obtain all necessary drilling permits and file all necessary and appropriate reports required prior to, during or after completion of operations.

(h) Conduct overall supervision of drilling supervisor(s) through daily monitoring of drilling, deepening, recompletion or other critical operations.

(i) Prepare AFEs and procedures and conduct overall supervision through daily monitoring of field personnel, of plugging and abandonment operations of any wells located in the Contract Area in compliance with all federal, state and local regulations and orders.

(j) Provide emergency response assistance with respect to any accident, spill, upset or similar occurrence requiring immediate action to protect the health, safety and mechanical and environmental integrity of the Contract Area and equipment located thereon.

(k) Assist Owner in responding to requests from interested parties or the Trustee including but not limited to any efforts to market its interest in the Contract Area, including making its records available and making knowledgeable personnel available to accompany potential buyers and respond to questions as they inspect and tour the properties.

(l) Maintain land and lease documents.

(m) Market Production.

(n) Perform any work falling under Contractor's expertise as directed by Owner.

(o) Unless otherwise agreed by Contractor, all contracts with third parties (excluding contracts with drilling supervisor(s) for onsite supervision), shall be in the name of Owner under master service contracts in form approved by Owner and similar in form and substance to the Master Service Agreement that has previously been established by Owner. Contractor shall have no liability with respect to third-party contracts. Provided, however, Contractor shall initiate no remedial work, repairs, replacement of equipment, etc. with an estimated total cost exceeding \$25,000.00 without the prior written approval of Owner.

1.4 All personnel involved in the day-to-day lease operations shall be under the supervision of the Contractor. The selection, hiring, dismissal and work schedule of such contractors and employees of Contractor shall be determined by Contractor.

1.5 Owner shall have access at all reasonable times to the Leases, to all information pertaining to wells drilled, production secured, and oil and gas marketed, and to the books, records, and vouchers relating to the operation of the Leases. Contractor shall, upon Owner's request, furnish Owner with weekly gauge and run tickets. Notwithstanding anything to the contrary herein, all information referenced in this Section 1.6 shall be the property of Owner.

1.6 Owner will grant Contractor access to an account for revenues, operating costs, fees and expenses for each Contract Area under each of the Subject JOAs (the "*Operating Account*"). Prior to the fifteenth (15th) day of each month, Contractor will prepare and deliver to Owner an operating statement for each of the Subject JOAs (the "*Property Operating Statement*"), which Property Operating Statement shall include (a) Contractor's estimate of production volumes; (b) actual revenues received in the prior month; (c) all costs, expenses and charges billed by third parties to Contractor in the prior month, including, without limitation, all sums due under the Leases and other liquidated monetary obligations; and (d) expenditures and fees recorded by Contractor in form satisfactory to Owner. Promptly after delivery of the Property Operating Statement, Contractor shall transfer sufficient funds from the revenue account into the operating account necessary to cover operating costs, fees (including Contractor fees) and expenses set forth on the Property Operating Statement. Contractor shall have the right to withdraw funds from the Operating Account to pay for the services hereunder. The parties hereto acknowledge and agree that from time to time the funds in the Operating Account may be insufficient to cover the operating expenses for such month, in which case Contractor shall immediately notify Owner of the projected shortfall and any interim payments into the account to cover such shortfall will be evaluated by Owner and paid on a case-by-case basis. In no event shall Contractor be required to advance funds on behalf of Owner to conduct the operations or proceed with any operations, unless there are available funds in the account to cover the cost of such operations or Owner has contracted directly for such services.

1.7 At all reasonable times and upon thirty (30) days prior written notice, Contractor shall permit employees and agents of Owner to have access to its offices and work locations to examine, reproduce and retain copies of such documentation and data and to interview Contractor's personnel in connection therewith, as necessary for Owner to verify and monitor (i) the accuracy and propriety of Service fees and reimbursable expenses pursuant to this Agreement, and (ii) Contractor's compliance with the terms of this Agreement. Where Services hereunder, are billed under fixed rates, Owner's auditors shall have sufficient access to those

rates to satisfy themselves that the Services have not also been separately billed on some other basis (e.g., a reimbursable basis). The provisions of this Section 1.7 shall be applicable during the term of this Agreement and for a period of one (1) year thereafter. Any costs associated with Owner's audit requirements or procedures shall be solely for Owner's account. If errors or deficiencies are identified by an audit or otherwise, both Parties shall take prompt corrective action thereof.

ARTICLE II COMPENSATION OF CONTRACTOR

2.1 During the term of this Agreement, Contractor shall be compensated:

(a) For Services completed under Section 1.2, in accordance with the overhead rate structure set forth on Exhibit B hereto.

(b) For Services completed under Section 1.3, in accordance with the hourly rate structure set forth on Exhibit C hereto.

2.2 The above compensation shall not include any direct costs and third-party costs that are proper charges to the Contractor Account that are incurred by the Contractor in connection with services rendered hereunder. Owner shall reimburse Contractor for any third-party charges incurred by Contractor in accordance with this Agreement within thirty (30) business days of delivery of invoice.

ARTICLE III RESPONSIBILITIES OF OWNER

3.1 Owner shall be the operator of record with respect to the Leases under each of the Subject JOAs.

3.2 Owner shall be duly authorized under all laws, rules, orders and regulations of any competent governmental body, which are now or may become applicable to the operations contemplated by this Agreement and shall obtain and maintain all necessary permits, bonds and sureties as may be required thereunder.

ARTICLE IV HEALTH AND SAFETY OBLIGATIONS

BY EXECUTING THIS AGREEMENT, CONTRACTOR REPRESENTS AND WARRANTS THAT IT IS QUALIFIED TO DO BUSINESS IN EACH OF THE JURISDICTIONS WITHIN THE CONTRACT AREA. CONTRACTOR FURTHER REPRESENTS AND WARRANTS THAT ITS EMPLOYEES ARE QUALIFIED AND COMPETENT AND THAT CONTRACTOR IS, AND WILL BE THROUGHOUT THE DURATION OF THIS AGREEMENT, TRAINED AND COMPLIANT TO THE STANDARDS OF A REASONABLY PRUDENT OPERATOR IN ALL MATTERS RELATED TO HEALTH, SAFETY AND WORK ENVIRONMENT.

ARTICLE V INDEPENDENT CONTRACTOR

Contractor undertakes the performance of the provisions of this Agreement as an independent contractor, and neither Contractor nor any of its employees, contractors or agents will be deemed to be an employee, servant, agent or partner of or joint venturer with Owner. Owner shall not, in any respect, be responsible for the hiring, employment or working conditions of the persons employed or retained by Contractor in connection with the performance of Contractor's obligations under the terms of this Agreement.

ARTICLE VI INSURANCE

Contractor shall maintain insurance of the type, in the amounts and with the limits set forth on Exhibit D hereto. Each party shall be named as an additional insured under each of the policies for the duration hereof.

ARTICLE VII FORCE MAJEURE

Contractor shall not be liable to Owner for any loss on the Leases caused by war, strikes, tornadoes, floods, governmental priorities on materials or other governmental restrictions, or inability to obtain suitable equipment or labor resulting from any other causes not due to Contractor's failure to exercise reasonable diligence in the performance of Contractor's obligations hereunder. If Contractor is delayed or prevented from performing for any such cause, it shall do all things reasonably possible to remove such cause and shall resume performance hereunder as soon as such cause is removed.

ARTICLE VIII BINDING EFFECT OF AGREEMENT

This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and permitted assigns. The right of either party to assign this Agreement is subject to the prior written consent of the non-assigning party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the immediately preceding sentence, each party may assign and transfer this Agreement to an affiliate or pursuant to a reorganization or change in control of such party or the person that controls such party without such consent. Any assignment in contravention of this Article VIII shall be void.

ARTICLE IX AMENDMENT, TERMINATION AND TURNOVER DATE

9.1 Either party hereto has the right to terminate this Agreement without cause by providing the other party with sixty (60) days prior written notice. In the event of a material breach of this Agreement by either party, including the failure of a party to perform any operation or action proposed hereunder that, the other party may terminate this Agreement by providing the breaching party with thirty (30) days notice. In the event of termination by Owner,

Owner shall pay Contractor in full all amounts due Contractor through the termination date. Upon termination of this Agreement or partial termination as to any Contract Area, Contractor will cooperate with Owner for an orderly transition of operations and will turn over all books and records regarding the Contract Area upon request. Owner shall compensate Contractor for post-termination services requested by Owner and provided in connection with the transition at Contractor's standard hourly rate as set forth on *Exhibit C*.

9.2 Upon termination of this Agreement, the Parties shall not be relieved of any liabilities arising from or incident to Services rendered. The Parties shall not be liable to either Party for any cost or loss in connection with such termination, including but not limited to loss of anticipatory profits. Upon termination of this Agreement, Contractor shall immediately remove all of its and its subcontractors' equipment and materials from Owner's premises that are not necessary for the completion of or the provision of any Service then underway and, notwithstanding anything herein to the contrary, sixty (60) days after the receipt of Contractor of notice of the termination of this Agreement by Owner, Owner shall bear no responsibility for the equipment or materials of Contractor that remain on Owner's premises but which are not necessary for the completion or the provision of any Service then underway.

9.3 If either party (a) generally fails to pay, or admits in writing its inability to pay, its debts as they become due, (b) commences any insolvency proceeding with respect to itself, (c) take any action to effectuate or authorize either (a) or (b), (d) becomes the subject of any involuntary insolvency proceeding, or has any writ, judgment, warrant of attachment, execution or similar process issued or levied against all or a substantial part of its properties, and any such proceeding or petition is not dismissed, or such writ judgment, warrant of attachment, execution or similar process is not released, vacated or fully bonded within sixty (60) days after commencement, filing or levy (e), admits the material allegation of a petition against it in any insolvency proceeding, or an order for relief is issued against it in any insolvency proceeding, or (f) consents to the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefore), for itself or a substantial portion of its property or business, then the other party may, by giving written notice to such party, terminate this Agreement as of the date specified in such notice. A termination under this Section shall be deemed a termination for cause.

ARTICLE X NOTICES

Until changed by appropriate notice in writing, all notices, reports, and other correspondence required by or made necessary by the terms of this Agreement shall be deemed to have been duly given or served on the date on which personally delivered, or sent by electronic transmission via email or facsimile transmission, with receipt acknowledged, or three (3) Business Days after the same shall have been sent via certified United States Mail. For purposes of this Agreement, the term "*Business Days*" means a day other than a Saturday, Sunday or legal holiday for commercial banks under the laws of the State of Texas or the laws of the United States of America.

ARTICLE XI CONFIDENTIAL INFORMATION AND OWNERSHIP OF DOCUMENTS

11.1 Any and all information, in whatever form or format, described or defined by each party as confidential and made available to the other party for the performance of the Agreement shall be and remain the exclusive property of the disclosing party and shall be treated as confidential.

11.2 With respect to such confidential information both parties agree not to disclose or divulge such information to any third party except as may be necessary for the performance of this Agreement. Both parties shall take reasonable measures to protect and preserve the confidential nature of such information and shall be responsible for any breach hereof committed by its employees, it being understood that the confidentiality obligations of both parties are of a continuing nature and shall continue for one (1) year after the termination date of this agreement.

11.3 The foregoing restrictions shall not apply to any such confidential information that is:

- (a) Already known by the receiving party at the time of disclosure;
- (b) Publicly known or becomes publicly known through no fault of the receiving party;
- (c) Received from a third party that is free to disclose the information to the receiving party;
- (d) Communicated to a third party with the express prior written consent of the disclosing party; or
- (e) Lawfully required to be disclosed to a governmental agency or is otherwise required to be disclosed by law, provided that before making such disclosure the receiving Party shall give the disclosing Party reasonable opportunity to object or insure confidential treatment of the information.

11.4 Both parties acknowledge that the breach of this confidentiality obligation may cause the other party serious economic harm and that the remedies available to the injured party by law may be inadequate. Therefore, upon any breach hereof by either party, the non-breaching party shall be entitled to seek immediate injunctive relief and/or specific performance, in addition to any other appropriate forms of equitable or legal relief, including but not limited to, monetary damages and reasonable attorney's fees.

11.5 Both Owner and Contractor agree that all tracings, designs, drawings, field notes, requisitions, purchase orders, specifications, computer programs (data files and other software in whatever form), and other documents or records developed by such party in connection with this Agreement or otherwise shall be the sole property of such party.

**ARTICLE XH
AMENDMENTS TO THE AGREEMENT
AND GOVERNING LAWS**

THIS AGREEMENT SHALL NOT BE VARIED EXCEPT WITH THE WRITTEN CONSENT OF THE PARTIES. IN THE EVENT ONE OR MORE OF THE PROVISIONS IS HELD INVALID BY ANY COURT OF COMPETENT JURISDICTION, THE SAME SHALL IN NO MANNER AFFECT THE VALIDITY OF ANY OF THE OTHER PROVISIONS. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

**ARTICLE XIII
INDEMNIFICATION**

13.1 CONTRACTOR SHALL GENERALLY HAVE THE PROTECTIONS, BENEFITS, AND INDEMNIFICATIONS OF OWNER UNDER THE TERMS OF THE A.A.P.L. FORM 610 - 1989 MODEL FORM OPERATING AGREEMENT ("JOA") JUST AS IF CONTRACTOR WERE THE DESIGNATED OPERATOR UNDER THE JOA, AND TO THE FULLEST EXTENT POSSIBLE, OWNER HEREBY ASSIGNS AND TRANSFERS ALL OF SUCH PROTECTIONS, BENEFITS AND INDEMNIFICATIONS TO CONTRACTOR DURING THE TERM OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT SUCH ASSIGNMENT SHALL NOT ENTITLE CONTRACTOR (A) TO CLAIM OR ASSERT ANY LIENS OR SECURITY INTERESTS THAT WOULD BE GRANTED TO THE OPERATOR UNDER THE JOA, OR (B) TO SETTLE ANY CLAIMS OR LAWSUITS PERTAINING TO THE CONTRACT AREA.

13.2 CONTRACTOR'S RELEASE OF OWNER:

CONTRACTOR RELEASES OWNER AND OWNER'S PARENT, SUBSIDIARIES, OFFICERS, DIRECTORS, AND EMPLOYEES ("OWNER PARTIES") OF AND FROM ANY LIABILITY AS TO ALL CLAIMS, PENALTIES, DEMANDS, AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER, WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF OR THE NEGLIGENCE (EXCLUDING GROSS NEGLIGENCE AND WILLFUL MISCONDUCT) OF ANY OF THE OWNER PARTIES, ON ACCOUNT OF BODILY INJURY, DEATH AND/OR DAMAGE TO OR LOSS OF PROPERTY OF ANY KIND. CONTRACTOR'S OBLIGATIONS UNDER THIS SECTION SHALL BE PRIMARY AND WITHOUT REGARD TO AND WITHOUT ANY RIGHT TO CONTRIBUTION FROM ANY INSURANCE MAINTAINED OR MADE AVAILABLE TO OWNER. CONTRACTOR AND OWNER HEREBY AGREE THAT CONTRACTOR WILL BE COVERED BY AVAILABLE LIABILITY INSURANCE, UNDER WHICH THE INSURER HAS NO RIGHT OF SUBROGATION AGAINST OWNER OR CONTRACTOR. IT IS AGREED THAT SAID INSURANCE REQUIREMENTS SHALL AUTOMATICALLY BE AMENDED TO CONFORM TO THE MAXIMUM MONETARY LIMITS PERMITTED UNDER APPLICABLE LAW.

13.3 OWNER'S RELEASE OF CONTRACTOR:

OWNER RELEASES CONTRACTOR AND CONTRACTOR'S PARENT, SUBSIDIARIES, OFFICERS, DIRECTORS, AND EMPLOYEES ("CONTRACTOR PARTIES") OF AND FROM ANY LIABILITY AS TO ALL CLAIMS, PENALTIES, DEMANDS, AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF OR THE NEGLIGENCE (EXCLUDING GROSS NEGLIGENCE AND WILLFUL MISCONDUCT) OF ANY OF THE CONTRACTOR PARTIES, ON ACCOUNT OF BODILY INJURY, DEATH AND/OR DAMAGE TO OR LOSS OF PROPERTY OF ANY KIND. OWNER'S OBLIGATIONS UNDER THIS SECTION SHALL BE COVERED BY AVAILABLE LIABILITY INSURANCE, UNDER WHICH THE INSURER HAS NO RIGHT OF SUBROGATION AGAINST OWNER OR CONTRACTOR. IT IS AGREED THAT SAID INSURANCE REQUIREMENTS SHALL AUTOMATICALLY BE AMENDED TO CONFORM TO THE MAXIMUM MONETARY LIMITS PERMITTED UNDER APPLICABLE LAW.

13.4 THIRD PARTY CLAIMS:

For losses, claims, demands, liabilities, or causes of action brought by or on behalf of anyone other than those claimants listed in Sections 13.2 and 13.3 above, the Parties' respective indemnity obligations shall be as set forth in this Section 13.4.

(1) Contractor's Negligence: CONTRACTOR AGREES TO PROTECT, DEFEND (INCLUDING ALL COSTS, EXPENSES, AND REASONABLE ATTORNEYS' FEES), INDEMNIFY, RELEASE AND HOLD THE OWNER INDEMNIFIED PARTIES HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DEMANDS, LIABILITIES, OR CAUSES OF ACTION OF EVERY KIND AND CHARACTER, IN FAVOR OF ANY PERSON OR PARTY, FOR INJURY TO OR ILLNESS OR DEATH OF ANY PERSON, OTHER THAN AS PROVIDED IN SECTIONS 13.2 AND 13.3 ABOVE, OR DAMAGE TO OR LOSS OF PROPERTY OF ANY SUCH PERSON, AND WHICH SUCH INJURY, ILLNESS, DEATH OR PROPERTY DAMAGE ARISES OUT OF OR IS INCIDENT TO ANY WORK OR SERVICE TO BE PERFORMED UNDER THIS AGREEMENT TO THE EXTENT, AND IN THE PROPORTION THAT, SUCH INJURY, ILLNESS, DEATH OR PROPERTY DAMAGE IS CAUSED OTHER THAN BY THE NEGLIGENCE OF OWNER, ITS EMPLOYEES, AGENTS OR OTHER CONTRACTORS THAT ARE DIRECTLY RESPONSIBLE TO OWNER.

(2) Owner's Negligence: OWNER AGREES TO PROTECT, DEFEND (INCLUDING ALL COSTS, EXPENSES, AND ATTORNEYS' FEES), INDEMNIFY, RELEASE AND HOLD THE CONTRACTOR INDEMNIFIED PARTIES HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DEMANDS, LIABILITIES, OR CAUSES OF ACTION OF EVERY KIND AND CHARACTER, IN FAVOR OF ANY PERSON OR PARTY, FOR INJURY TO OR ILLNESS OR DEATH OF ANY PERSON, OTHER THAN AS PROVIDED IN SECTIONS 13.2 AND 13.3 ABOVE, OR DAMAGE TO OR LOSS OF PROPERTY OF ANY SUCH PERSON, AND WHICH SUCH INJURY, ILLNESS, DEATH OR PROPERTY DAMAGE ARISES OUT OF OR IS

INCIDENT TO ANY WORK OR SERVICE TO BE PERFORMED UNDER THIS AGREEMENT, TO THE EXTENT, AND ONLY TO THE EXTENT, AND ONLY IN THE PROPORTION THAT, SUCH INJURY, ILLNESS, DEATH OR PROPERTY DAMAGE IS CAUSED BY THE NEGLIGENCE OF OWNER, ITS EMPLOYEES, AGENTS OR OTHER CONTRACTORS THAT ARE DIRECTLY RESPONSIBLE TO OWNER.

13.5 IT IS THE INTENT OF THE PARTIES HERETO THAT ALL OBLIGATIONS, LIABILITIES, AND RISKS ALLOCATED OR ASSUMED BY THE PARTIES UNDER TERMS OF THIS CONTRACT, INCLUDING, WITHOUT LIMITATION, SECTIONS 13.2 THROUGH 13.4, BE WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF, INCLUDING PREEXISTING CONDITIONS, STRICT LIABILITY, VIOLATIONS OF ANY STATE, OR FEDERAL LAW, BREACH OF CONTRACT, BREACH OF WARRANTY, TRESPASS, CONVERSION, NUISANCE, TORT, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, ACTIVE OR PASSIVE. THE RELEASES AND ASSUMPTIONS OF LIABILITY AND ALLOCATIONS OF RISKS EXTENDED BY THE PARTIES HERETO UNDER SECTIONS 13.2 THROUGH 13.4 SHALL INURE TO THE BENEFIT OF THE PARTIES, THEIR PARENT, HOLDING AND SUBSIDIARIES, AFFILIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND SERVANTS. THE TERMS AND PROVISIONS OF SECTIONS 13.2 THROUGH 13.4 SHALL HAVE NO APPLICATION TO CLAIMS OR CAUSES OF ACTION ASSERTED AGAINST OWNER OR CONTRACTOR BY REASON OF ANY AGREEMENT OF INDEMNITY WITH A PERSON OR ENTITY NOT A PARTY HERETO.

13.6 IT IS EXPRESSLY AGREED THAT OWNER SHALL NOT BE LIABLE TO THE CONTRACTOR PARTIES FOR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM OR ARISING DIRECTLY OR INDIRECTLY, OUT OR OF IN CONNECTION WITH THE SERVICES OR OPERATIONS HEREUNDER RELATED TO RESERVOIR DAMAGE, LOSS OF RESERVES, OR CRATERING OR BLOWOUT OF THE BOREHOLE, INCLUDING, WITHOUT LIMITATION, LOSS OF USE, LOSS OF DATA, LOSS OF ASSETS, LOSS OF PROFIT, LOSS OF BUSINESS, OR BUSINESS INTERRUPTION UNLESS CAUSED BY THE SOLE NEGLIGENCE (ACTIVE OR PASSIVE) OF OWNER OR ANY OF THE OWNER PARTIES.

13.7 IT IS EXPRESSLY AGREED THAT CONTRACTOR SHALL NOT BE LIABLE TO THE OWNER PARTIES FOR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM OR ARISING DIRECTLY OR INDIRECTLY, OUT OR OF IN CONNECTION WITH THE SERVICES OR OPERATIONS HEREUNDER RELATED TO RESERVOIR DAMAGE, LOSS OF RESERVES, OR CRATERING OR BLOWOUT OF THE BOREHOLE, INCLUDING, WITHOUT LIMITATION, LOSS OF USE, LOSS OF DATA, LOSS OF ASSETS, LOSS OF PROFIT, LOSS OF BUSINESS, OR BUSINESS INTERRUPTION UNLESS CAUSED BY THE SOLE NEGLIGENCE (ACTIVE OR PASSIVE) OF CONTRACTOR OR ANY OF THE CONTRACTOR PARTIES.

13.8 As a part of the consideration for this Agreement, Contractor hereby agrees that the provisions of the foregoing Sections 13.2 through 13.7 inclusive shall extend to and be enforceable by and for the benefit of any non-operating concurrent working interest Owner, joint ventures or partners for whom Owner may be performing operations or services.

MISCELLANEOUS

14.1 This Agreement, drawn in counterpart, shall be binding upon the Parties and their respective successors, and assigns. Notwithstanding the foregoing, this Agreement and the duties and obligations hereunder are not assignable by Contractor without the written consent of Owner.

14.2 In any dispute arising among the Parties to this Agreement, the prevailing party shall be entitled to collect all costs, including attorneys' fees.

14.3 The captions of any articles herein are intended for convenient references only and same shall not be, nor be deemed to be, interpretive of the contents of such sections.

14.4 Harris County, Texas shall be the exclusive venue and jurisdiction for any litigation between the Parties.

14.5 If any provision or part of any provision of this Agreement shall be held invalid, the remainder shall be deemed valid and effective, and the Parties shall endeavor to replace the invalid terms with terms which correspond best to the original economic and general intention of the Parties, it being the intention of the Parties hereto that each provision hereof is being stipulated separately.

14.6 EACH PARTY HERETO KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY (a) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS AGREEMENT, OR DIRECTLY OR INDIRECTLY AT ANY TIME ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED OR ASSOCIATED THEREWITH, BEFORE OR AFTER TERMINATION; (b) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY "SPECIAL DAMAGES," AS DEFINED BELOW; (c) CERTIFIES THAT NEITHER IT NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSELORS HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT THE CERTIFYING PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS; AND (d) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION. AS USED IN THIS SECTION, "**SPECIAL DAMAGES**" INCLUDES ALL SPECIAL, CONSEQUENTIAL, INDIRECT, EXEMPLARY, OR PUNITIVE DAMAGES

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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:

**PAYSON PETROLEUM, INC.,
MARICOPA RESOURCES, LLC
PAYSON OPERATING, LLC,**

DEBTORS.

§§§§§

JOINTLY ADMINISTERED

Case No. 16-41044

Chapter 11

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. ____]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC (“Debtors”) in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment executed by 3 Well LP and the Subject Wells Assignment executed by 2014 LP, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 3 Well LP Subject Claims Assignment and Participation Agreement attached

as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

6. The 2014 LP Subject Claims Assignment and Participation Agreement attached as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

7. This Order is binding upon the Parties and all other parties in interest in accordance with the terms of the Settlement Agreement.

8. A general unsecured claim of 3 Well LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 27.7891% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

9. A general unsecured claim of 2014 LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 72.21084% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

10. The releases provided for in the Settlement Agreement are hereby approved. Upon consummation of the Settlement Agreement all claims by 3 Well LP against Payson Petroleum, Payson Operating or Maricopa except for the 2014 LP and 3 Well LP Retained Claims (as defined in the Settlement Agreement) are released. Upon consummation of the Settlement Agreement all claims of Payson Petroleum, Payson Operating and Maricopa, except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims (as defined in the Settlement Agreement) are

released.

11. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the following: (i) the 3 Well LP Avoidance Action Claims Net Recovery and the 3 Well LP Partnership Related Claims Net Recovery (as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement), and (ii) the 2014 LP Avoidance Action Claims Net Recovery and the 2014 LP Partnership Related Claims Net Recovery (as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement).

12. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the (i) 3 Well LP Avoidance Action Claims, (ii) 3 Well LP Partnership Related Claims, (iii) 2014 LP Avoidance Action Claims, and (iv) 2014 LP Partnership Related Claims, without further order of this Court.

13. Payson Petroleum is hereby appointed (i) the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement, and (ii) the representative of the 2014 LP bankruptcy estate for purposes of prosecuting the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement.

14. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 3 Well LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, or Payson/3 Well LP Partnership Related Claims as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 3 Well LP Subject Claims Assignment and

Participation Agreement or this Order.

15. Pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum has the exclusive authority to file suit, prosecute and settle the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or take any action with respect to the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims or the Payson/3 Well LP Partnership Related Claims that in its judgment would not be cost justified.

16. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 2014 LP Avoidance Action Claims, 2014 LP Partnership Related Claims, or Payson/2014 LP Partnership Related Claims as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement by virtue of either parties entry into the 2014 LP Subject Claims Assignment and Participation Agreement or this Order.

17. Pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or take any action with respect to the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims or the Payson/2014 LP Partnership Related Claims that in its judgment would not be cost justified.

18. The Debtors and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance

with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

19. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

SUBMITTED BY:

/s/ _____
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FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

AGREED TO IN FORM AND SUBSTANCE BY:

/s/
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**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:

**PAYSON PETROLEUM 3 WELL, LP,

DEBTOR.**

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§
§
§

**Case No. 17-40179
Chapter 7**

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. (“Debtor”) in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 3 Well LP Subject Claims Assignment and Participation Agreement attached

as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

6. This Order is binding upon the Parties and all other parties in interest in accordance with the terms of the Settlement Agreement.

7. A general unsecured claim of Payson Petroleum against 3 Well LP is hereby allowed in the amount of Eight Million Five Hundred Fifty-Seven Thousand Eight Hundred Eighty-Eight and 50/100 U.S. Dollars (\$8,557,888.50).

8. The releases provided for in the Settlement Agreement are hereby approved. Upon consummation of the Settlement Agreement all claims by 3 Well LP against Payson Petroleum, Payson Operating or Maricopa except for the 2014 LP and 3 Well LP Retained Claims (as defined in the Settlement Agreement) are released. Upon consummation of the Settlement Agreement all claims of Payson Petroleum, Payson Operating and Maricopa, except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims (as defined in the Settlement Agreement) are released.

9. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the 3 Well LP Avoidance Action Claims Net Recovery and the 3 Well LP Partnership Related Claims Net Recovery as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement.

10. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims without further order of this Court. Payson Petroleum is hereby appointed the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the

3 Well LP Partnership Related Claims pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 3 Well LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, or Payson/3 Well LP Partnership Related Claims as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 3 Well LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 3 Well LP Partnership Related Claims or the 3 Well LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

/s/

Keith W. Harvey
State Bar No. 09180100
THE HARVEY LAW FIRM, P.C.
6510 Abrams Road
Suite 280
Dallas, Texas 75231
(972) 243-3960 Phone
(972)-241-3970 Facsimile

**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:

**PAYSON PETROLEUM 3 WELL 2014, LP,

DEBTOR.**

§
§
§
§
§

**Case No. 17-40180
Chapter 7**

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. (“Debtor”) in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 2014 LP Subject Claims Assignment and Participation Agreement attached as

7. A general unsecured claim of Payson Petroleum against 2014 LP is hereby allowed in the amount of Two Million Six Hundred Seventy-One Thousand Nine Hundred and 50/100 U.S. Dollars (\$2,671,900.50).

9. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the 2014 LP Avoidance Action Claims Net Recovery and the 2014 LP Partnership Related Claims Net Recovery as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement.

10. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims without further order of this Court. Payson Petroleum is hereby appointed the representative of the 2014 LP bankruptcy estate for purposes of prosecuting the 2014 LP Avoidance Action Claims and the 2014

LP Partnership Related Claims pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 2014 LP Avoidance Action Claims, 2014 LP Partnership Related Claims, or Payson/2014 LP Partnership Related Claims as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 2014 LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 2014 LP Partnership Related Claims or the 2014 LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

/s/

Keith W. Harvey
State Bar No. 09180100
THE HARVEY LAW FIRM, P.C.
6510 Abrams Road
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**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC,	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

**JOINT MOTION TO APPROVE COMPROMISE AND SETTLEMENT
PURSUANT TO BANKRUPTCY RULE 9019**

NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AND SERVED UPON THE PARTY FILING THIS PLEADING WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH OBJECTION. IF NO OBJECTION IS TIMELY SERVED AND FILED, THIS PLEADING SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF AN OBJECTION IS FILED AND SERVED IN A TIMELY MANNER, THE COURT WILL THEREAFTER SET A HEARING. IF YOU FAIL TO APPEAR AT THE HEARING, YOUR OBJECTION MAY BE STRICKEN. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

TO THE HONORABLE BRENDA RHOADES, U. S. BANKRUPTCY JUDGE:

COME NOW Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 (the “Payson Trustee”) and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 (the “LP Trustee”) to file their *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* (the “Joint Motion to

Compromise”), and in support thereof, respectfully show unto the Court the following:

**I.
PROCEDURAL STATUS**

1. Payson Debtor Bankruptcy Filings. On June 10, 2016, Payson Petroleum, Inc. (“Payson Petroleum”), Payson Operating, LLC (“Payson Operating”), and Maricopa Resources, LLC (“Maricopa”) filed voluntary petitions under Chapter 7 of the United States Bankruptcy Code (the “Bankruptcy Code”) in this Bankruptcy Court.¹ See Docket No. 1 in Bankruptcy Case Nos. 16-41043, 16-40144, and 16-40145. On July 12, 2016, the Bankruptcy Court entered orders converting the Payson Debtors’ bankruptcy cases to cases under Chapter 11 of the Bankruptcy Code. See Docket No. 39 in Case No. 16-41043, Docket No. 33 in Case No. 16-40144, and Docket No. 41 in Case No. 16-40145. On July 18, 2016, the Bankruptcy Court entered orders approving the United States Trustee’s applications to appoint the Payson Trustee as the Chapter 11 Trustee in the Payson Debtors’ bankruptcy cases. See Docket No. 55 in Case No. 16-41043, Docket No. 50 in Case No. 16-40144, and Docket No. 57 in Case No. 16-41045. On August 11, 2016, the Bankruptcy Court ordered the joint administration of the Payson Debtors’ bankruptcy cases under Case No. 16-41044. See Docket No. 75 in Case No. 16-41043, Docket No. 73 in Case No. 16-41044, and Docket No. 81 in Case No. 16-41045.

2. Adversary Proceeding. On November 1, 2016, the Payson Trustee filed his *Complaint to Avoid and Recover Transfers Pursuant to 11 U.S.C. §§ 548, 547, and 550* in Adversary Proceeding No. 16-04106 (the “Adversary Proceeding”) against Payson Petroleum 3 Well, LP (“3 Well LP”) and Payson Petroleum 3 Well 2014, L.P. (“2014 LP”).

3. LP Debtor Bankruptcy Filings. On January 31, 2017, 3 Well LP and 2014 LP (collectively, the “LP Debtors”) filed voluntary petitions under Chapter 7 of the Bankruptcy Code.

¹ Collectively, Payson Petroleum, Payson Operating, and Maricopa are the “Payson Debtors.”

See Docket No. 1 in Case No. 17-40179 and Docket No. 1 in Case No. 17-40180. LP Trustee was appointed as Chapter 7 Trustee for the LP Debtors.

4. Stay Issues. On February 21, 2017, LP Trustee filed his *Certificate of Notice of Bankruptcy Filing and Stay* in the Adversary Proceeding. See Docket No. 24 in Adversary Proceeding. On June 21, 2017, the Bankruptcy Court entered its *Agreed Order Granting Motion to Lift Stay* in LP Debtor's bankruptcy cases which, *inter alia*, provides that the parties are "granted relief from the automatic stay ... to continue with and fully litigate claims that are or could be pled" in the Adversary Proceeding. Docket No. 26 in Case No. 17-40180 and Docket No. 29 in Case No. 17-40179.

5. Amended Complaint. On July 13, 2017, Payson Trustee filed his *First Amended Complaint* in the Adversary Proceeding. See Docket No. 25 in Adversary Proceeding.

6. Jurisdiction & Venue. This Court has jurisdiction over the subject matter of this Joint Motion to Compromise pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

II. **FACTUAL BACKGROUND**

7. Nature of Payson Debtors' Businesses. Matthew C. Griffin ("Griffin") formed Payson Petroleum in 2008 to, *inter alia*, (i) promote the sale of interests in limited partnerships and (ii) operate oil and gas wells for such limited partnerships. Griffin formed Payson Operating in 2010 to act as a contract operator for Payson Petroleum. Griffin formed Maricopa in 2012 to, *inter alia*, engage in the acquisition and sale of Grayson County, Texas oil and gas leases.

8. Nature of 3 Well LP's and 2014 LP's Businesses. Payson Petroleum Grayson, LLC formed 3 Well LP in 2013 and 2014 LP in 2014 to, *inter alia*, drill, complete, and own interests in the Subject Wells.

III. PROPOSED SETTLEMENT

13. Agreed Final Judgment. As explained in the Settlement Agreement, the parties will resolve the Adversary Proceeding by filing a Joint Motion for Entry of Agreed Final Judgment and will use their best efforts to have the Agreed Final Judgment entered by the Bankruptcy Court. The Agreed Final Judgment will, *inter alia*, provide that the Wellbore Interest Assignments are

Page 5

avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B) and grant judgment in favor of Payson Petroleum on its Breach of Turnkey Agreement Claims against 3 Well LP in the amount of \$8,557,888.50 and 2014 LP in the amount of \$2,671,900.50. *See* Exhibit 3 to Settlement Agreement.

14. Conveyance of Interests in Subject Wells. 3 Well LP and 2014 LP will reassign the avoided interests in the Subject Wells to Maricopa, which will continue to be operated by Traton until Maricopa sells those interests under 11 U.S.C. § 363. As explained in further detail in the Settlement Agreement, the net proceeds obtained from the operation and sale of the Subject Wells (defined in the Settlement Agreement as the Subject Wells Net Proceeds) will be distributed as follows: (i) 55% to Maricopa, (ii) 32.4945% to 2014 LP, and (iii) 12.5055% to 3 Well LP. Maricopa will retain a \$50,000 Operating Reserve to satisfy costs related to operation of the Subject Wells.

15. Allowed Claims. The Settlement Agreement also provides that the parties will agree to the following allowed unsecured claims:

- Payson Petroleum shall hold (i) an allowed unsecured claim in the 3 Well LP bankruptcy case in the amount of \$8,557,888.50 and (ii) an allowed unsecured claim in the 2014 LP bankruptcy case in the amount of \$2,671,900.50;
- 3 Well LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement; and
- 2014 LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement.

16. Prosecution of and Participation in Avoidance Action Claims. The Settlement Agreement further provides that the parties will enter into (i) the 3 Well LP Subject Claims Assignment and Participation Agreement and (ii) the 2014 LP Subject Claims Assignment and

Participation Agreement (collectively the “Claims Assignment and Participation Agreements”).

Pursuant to the Claims Assignment and Participation Agreements:

- 3 Well LP will assign a fifty percent (50%) interest in net recoveries from litigation of 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims, as defined in the 3 Well LP Subject Claims Assignment and Participation Agreement, with 3 Well LP retaining the remaining fifty percent (50%) interest; and
- 2014 LP will assign a fifty percent (50%) interest in net recoveries from litigation of 2014 LP Avoidance Action Claims and 2014 Partnership Related Claims, as defined in the 2014 LP Subject Claims Assignment and Participation Agreement, with 2014 LP retaining the remaining fifty percent (50%) interest.

Payson Petroleum shall be granted standing to prosecute 3 Well LP and 2014 LP Avoidance Action Claims and Partnership Related Claims in the 3 Well LP and 2014 LP bankruptcy cases, and 3 Well LP and 2014 LP shall enter into engagement agreements with special litigation counsel for the Payson Trustee to prosecute such claims for the benefit of the Payson Petroleum, 3 Well LP, and 2014 LP bankruptcy estates.

17. Releases. Except for claims expressly reserved in the Settlement Agreement, all claims or causes action between the parties will be released.

IV. RATIONALE

18. Benefit to Maricopa Estate. The Maricopa bankruptcy estate receives the following benefits from the settlement:

- the interests assigned to 3 Well LP and 2014 LP via the Working Interest Assignments will be reassigned to Maricopa, and Maricopa will 55% of the Subject Wells Net Proceeds, plus a \$50,000 Operating Reserve to satisfy costs associated with operation of the Subject Wells; and
- except for claims expressly preserved under the Settlement Agreement, Maricopa’s bankruptcy estate is released from claims which have been or could have been asserted against Maricopa by 3 Well LP and/or 2014 LP.

- 2014 LP will obtain 32.4945% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;
- 2014 LP will retain a fifty percent (50%) interest in all 2014 LP Avoidance Action Claims Net Recovery and 2014 LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and 3 Well LP Subject Claims Assignment and Participation Agreement; *and*
- except for claims expressly preserved under the Settlement Agreement, 2014 LP's bankruptcy estate is released from claims which have been or could have been asserted against 2014 LP by Payson Petroleum, Payson Operating, and/or Maricopa.

23. The Payson Trustee and LP Trustee respectfully request that the Court approve the proposed Settlement Agreement attached hereto as Exhibit A and grant them such other and further relief to which they may be entitled.

Agreement (i) reduces 3 Well LP and 2014 LP's liability for failing to pay Payson Petroleum amounts owed under the Turnkey Agreements by fifty percent (50%), (ii) provides an arrangement for coordinated prosecution of avoidance actions and sharing in the proceeds of the same, and (iii) eliminates the potential that the LP Trustee and Payson Trustee would pursue substantially similar claims against partners of 3 Well LP and 2014 LP in different proceedings and forums. In sum, the Payson Trustee and LP Trustee believe the Settlement Agreement is in the best interests of their respective bankruptcy estates and should be approved. *See* Affidavit of Jason R. Searcy, attached as **Exhibit B** and Affidavit of Christopher J. Moser, attached as **Exhibit C**.

26. A proposed agreed order is attached hereto as **Exhibit D**.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Jason R. Searcy, Chapter 11 Trustee for the bankruptcy estates of Payson Petroleum, Inc., Payson Operating, LLC, and Maricopa Resources, LLC and Christopher J. Moser, Chapter 7 Trustee for the bankruptcy estates of Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P. respectfully request that the Court approve the Agreement and grant them such other and further relief to which they may be justly entitled.

CERTIFICATE OF SERVICE

The undersigned certifies that on __, 2017, a true and correct copy of this document was served (i) via the Court's electronic case filing system upon the parties listed below or by email listed below, (ii) via the Court's electronic case filing system for Eastern District of Texas upon all parties requesting electronic notice of all filings and (iii) via regular First Class Mail, properly addressed and postage prepaid, upon all parties listed on the Master Service List attached hereto.

Debtors Payson Petroleum, Inc., Payson Operating,
LLC, and Maricopa Resources, LLC

Mark A. Weisbart

12770 Coil Road, Suite 541

Dallas, TX 75251

weisbartm@earthlink.net,

TX56@ecfcbis.com;mweisbart@ecf.epiqsystems.com;

tarah_simmons@earthlink.net

Debtors Payson Petroleum 3 Well ,
LP and Payson Petroleum 3 Well
2014, LP

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US Trustee

Office of the US Trustee

110 N. College Ave, #300

Tyler, TX 75702

USTPRegion06.TY.ECF@USDOJ.GOV

/s/ _____
Blake Hamm

proposed settlement obtains for the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

Further, Affiant sayeth not.

Jason R. Searcy
Payson Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**



IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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IN RE: PAYSON PETROLEUM 3 WELL, L.P., DEBTOR.	§ § § § §	Case No. 17-40179 Chapter 7
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IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
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**AFFIDAVIT OF CHRISTOPHER J. MOSER
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Christopher J. Moser, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Christopher J. Moser. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas and the United States Fifth Circuit of Appeals. I am the Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 ("LP Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 ("Motion") and based on my best belief and information, the proposed settlement obtains for

the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

It is my professional opinion that the settlement agreement reflected in the Motion is in the best interest of the estate and comports with the settlement standards of *Protective Comm. For Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. Reh'g denied, 391 U.S. 909 (1968) and of *River City vs. Herpel, (In re Jackson Brewing Co.)*, 624 F.2d 599, 602-603 (5th Cir. 1980). Accordingly, the settlement should be approved.

Further, Affiant sayeth not.

Christopher J. Moser
LP Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC (“Debtors”) in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and all parties in interest.

4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment executed by 3 Well LP and the Subject Wells Assignment executed by 2014 LP, shall be property of the Maricopa Resources, LLC bankruptcy estate.

5. The 3 Well LP Subject Claims Assignment and Participation Agreement attached

as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

6. The 2014 LP Subject Claims Assignment and Participation Agreement attached as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

7. This Order is binding upon the Parties and all other parties in interest in accordance with the terms of the Settlement Agreement.

8. A general unsecured claim of 3 Well LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 27.7891% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

9. A general unsecured claim of 2014 LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 72.21084% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

10. The releases provided for in the Settlement Agreement are hereby approved. Upon consummation of the Settlement Agreement all claims by 3 Well LP against Payson Petroleum, Payson Operating or Maricopa except for the 2014 LP and 3 Well LP Retained Claims (as defined in the Settlement Agreement) are released. Upon consummation of the Settlement Agreement all claims of Payson Petroleum, Payson Operating and Maricopa, except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims (as defined in the Settlement Agreement) are

released.

11. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the following: (i) the 3 Well LP Avoidance Action Claims Net Recovery and the 3 Well LP Partnership Related Claims Net Recovery (as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement), and (ii) the 2014 LP Avoidance Action Claims Net Recovery and the 2014 LP Partnership Related Claims Net Recovery (as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement).

12. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the (i) 3 Well LP Avoidance Action Claims, (ii) 3 Well LP Partnership Related Claims, (iii) 2014 LP Avoidance Action Claims, and (iv) 2014 LP Partnership Related Claims, without further order of this Court.

13. Payson Petroleum is hereby appointed (i) the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement, and (ii) the representative of the 2014 LP bankruptcy estate for purposes of prosecuting the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement.

14. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 3 Well LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, or Payson/3 Well LP Partnership Related Claims as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 3 Well LP Subject Claims Assignment and

Participation Agreement or this Order.

15. Pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum has the exclusive authority to file suit, prosecute and settle the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or take any action with respect to the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims or the Payson/3 Well LP Partnership Related Claims that in its judgment would not be cost justified.

16. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 2014 LP Avoidance Action Claims, 2014 LP Partnership Related Claims, or Payson/2014 LP Partnership Related Claims as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement by virtue of either parties entry into the 2014 LP Subject Claims Assignment and Participation Agreement or this Order.

17. Pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or take any action with respect to the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims or the Payson/2014 LP Partnership Related Claims that in its judgment would not be cost justified.

18. The Debtors and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance

with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

19. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

I.

1. Payson Debtor Bankruptcy Filings. On June 10, 2016, Payson Petroleum, Inc.

2. Adversary Proceeding. On November 1, 2016, the Payson Trustee filed his

3. LP Debtor Bankruptcy Filings. On January 31, 2017, 3 Well LP and 2014 LP

¹ Collectively, Payson Petroleum, Payson Operating, and Maricopa are the “Payson Debtors.”

appointed as Chapter 7 Trustee for the LP Debtors.

4. Stay Issues. On February 21, 2017, LP Trustee filed his *Certificate of Notice of Bankruptcy Filing and Stay* in the Adversary Proceeding. See Docket No. 24 in Adversary Proceeding. On June 21, 2017, the Bankruptcy Court entered its *Agreed Order Granting Motion to Lift Stay* in LP Debtor's bankruptcy cases which, *inter alia*, provides that the parties are "granted relief from the automatic stay ... to continue with and fully litigate claims that are or could be pled" in the Adversary Proceeding. Docket No. 26 in Case No. 17-40180 and Docket No. 29 in Case No. 17-40179.

5. Amended Complaint. On July 13, 2017, Payson Trustee filed his *First Amended Complaint* in the Adversary Proceeding. See Docket No. 25 in Adversary Proceeding.

6. Jurisdiction & Venue. This Court has jurisdiction over the subject matter of this Joint Motion to Compromise pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

II. FACTUAL BACKGROUND

7. Nature of Payson Debtors' Businesses. Matthew C. Griffin ("Griffin") formed Payson Petroleum in 2008 to, *inter alia*, (i) promote the sale of interests in limited partnerships and (ii) operate oil and gas wells for such limited partnerships. Griffin formed Payson Operating in 2010 to act as a contract operator for Payson Petroleum. Griffin formed Maricopa in 2012 to, *inter alia*, engage in the acquisition and sale of Grayson County, Texas oil and gas leases.

8. Nature of 3 Well LP's Business. Payson Petroleum Grayson, LLC formed 3 Well LP in 2013 to, *inter alia*, drill, complete, and own interests in the Subject Wells.

9. Turnkey Agreements. On or about October 13, 2013, Payson Petroleum and 3 Well LP entered into a Subscription Turn Key Agreement under which 3 Well LP agreed to pay Payson

Subject Well	Assignee	Working Interest Assigned
Williams #1H Well	2014 LP	72.210840%
Williams #1H Well	3 Well LP	27.789160%
Crowe #2 Well	2014 LP	72.210840%
Crowe #2 Well	3 Well LP	27.789160%
Elaine #1 Well	2014 LP	72.210840%
Elaine #1 Well	3 Well LP	27.789160%

11. Additional Avoidable Transfers. In addition to the Working Interest Assignments, Payson Petroleum transferred \$1,274,310 to 3 Well LP in January 2014 in exchange for interests

in 3 Well LP that Payson Petroleum knew or should have known were worth far less than the amounts transferred (the “Investment Transfer”). In the Adversary Proceeding, the Payson Trustee asserts claims under 11 U.S.C. § 544 and 550 and Chapter 24 of the Texas Business and Commerce Code to avoid and recover the Investment Transfer from 3 Well LP (the “Investment Transfer Claim”).

III. **PROPOSED SETTLEMENT**

12. The Payson Trustee, Payson Debtors, LP Trustee, and LP Debtors have reached a settlement of issues asserted in the Adversary Proceeding and other claims that have or could have been asserted between the parties. Attached hereto as **Exhibit A** is a copy of the Settlement Agreement.²

13. **Agreed Final Judgment.** As explained in the Settlement Agreement, the parties will resolve the Adversary Proceeding by filing a Joint Motion for Entry of Agreed Final Judgment and will use their best efforts to have the Agreed Final Judgment entered by the Bankruptcy Court. The Agreed Final Judgment will, *inter alia*, provide that the Wellbore Interest Assignments are avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B) and grant judgment in favor of Payson Petroleum on its Breach of Turnkey Agreement Claim against 3 Well LP in the amount of \$8,557,888.50. *See* Exhibit 3 to Settlement Agreement.

14. **Conveyance of Interests in Subject Wells.** 3 Well LP and 2014 LP will reassign the avoided interests in the Subject Wells to Maricopa, which will continue to be operated by Traton until Maricopa sells those interests under 11 U.S.C. § 363. As explained in further detail

² To the extent of any inconsistency between the Settlement Agreement and the summary of that agreement set forth in this Joint Motion to Compromise, the terms of the Settlement Agreement control. This outline is not intended to repeat all terms of the Settlement Agreement and persons reading this Joint Motion to Compromise are encouraged to read the Settlement Agreement. Capitalized Terms used but not otherwise defined herein have the meaning ascribed to them in the Joint Motion to Compromise or the Settlement Agreement as applicable.

- Payson Petroleum shall hold an allowed unsecured claim in the 2014 LP bankruptcy case in the amount of \$2,671,900.50; and
- 3 Well LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement.

17. Releases. Except for claims expressly reserved in the Settlement Agreement, all claims or causes action between the parties will be released.

IV. **RATIONALE**

18. Benefit to Maricopa Estate. The Maricopa bankruptcy estate receives the following benefits from the settlement:

- the interests assigned to 3 Well LP via the Working Interest Assignments will be reassigned to Maricopa, and Maricopa will 55% of the Subject Wells Net Proceeds, plus a \$50,000 Operating Reserve to satisfy costs associated with operation of the Subject Wells; and
- except for claims expressly preserved under the Settlement Agreement, Maricopa's bankruptcy estate is released from claims which have been or could have been asserted against Maricopa by 3 Well LP.

19. Benefit to Payson Petroleum Estate. The Payson Petroleum bankruptcy estate receives the following benefits from the settlement:

- an allowed general unsecured claim in the 3 Well LP bankruptcy case in the amount of Eight Million Five Hundred Fifty-Seven Thousand Eight Hundred Eighty-Eight and 50/100 U.S. Dollars (\$8,557,888.50) on account of Payson Petroleum's Breach of Turnkey Agreement claim against 3 Well LP;
- Payson Petroleum is (i) granted standing and authority to enforce and prosecute 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims (the "Subject Claims") and (ii) will hold a fifty percent (50%) participation interest in net recoveries from the Subject Claims as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, Payson Petroleum's bankruptcy estate is released from claims which have been or could have been asserted against Payson Petroleum by 3 Well LP.

20. Benefit to Payson Operating Estate. Except for claims expressly preserved under the Settlement Agreement, Payson Operating's bankruptcy estate is released from claims which have been or could have been asserted against Payson Operating by 3 Well LP.

21. Benefit to 3 Well LP Estate. The 3 Well LP bankruptcy estate receives the following benefits from the settlement:

- 3 Well LP will obtain 12.5055% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;
- 3 Well LP will retain a fifty percent (50%) interest in all 3 Well LP Avoidance Action Claims Net Recovery and 3 Well LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, 3 Well LP's bankruptcy estate is released from claims which have been or could have been asserted against 3 Well LP by Payson Petroleum, Payson Operating, and/or Maricopa.

V. RELIEF REQUESTED

22. The Payson Trustee and LP Trustee respectfully request that the Court approve the proposed Settlement Agreement attached hereto as Exhibit A and grant them such other and further relief to which they may be entitled.

VI. BASIS FOR RELIEF

23. Bankruptcy Courts are “empowered to approve a compromise settlement of a debtor’s claim under Bankruptcy Rule 9019(a).” *Official Comm. of Unsecured Creditors v. Cajun Electric Power Coop., Inc. (In re Cajun Elec. Power Coop., Inc.)*, 119 F.3d 349, 355 (5th Cir. 1997). “Approval should only be given if the settlement is fair and equitable and in the best interest of the estate.” *Id.* (internal quotes & cite omitted). “In deciding whether a settlement of litigation is fair and equitable, a judge in bankruptcy must make a well-informed decision, ‘comparing the terms of the compromise with the likely rewards of litigation.’” *Id.* at 356 (quoting *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980)). Courts consider the

25. A proposed agreed order is attached hereto as **Exhibit D**.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Jason R. Searcy, Chapter 11 Trustee for the bankruptcy estates of Payson Petroleum, Inc., Payson Operating, LLC, and Maricopa Resources, LLC and Christopher J. Moser, Chapter 7 Trustee for the bankruptcy estate of Payson Petroleum 3 Well, L.P. respectfully request that the Court approve the Agreement and grant them such other and further relief to which they may be justly entitled.



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, L.P.,	§	Case No. 17-40179
	§	Chapter 7
DEBTOR.	§	

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL 2014,	§	Case No. 17-40180
L.P.,	§	Chapter 7
	§	
DEBTOR.	§	

**AFFIDAVIT OF JASON R. SEARCY
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
 §
COUNTY OF GREGG §

BEFORE ME, the undersigned authority, on this day personally appeared Jason R. Searcy, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Jason R. Searcy. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas, the United States Fifth Circuit Court of Appeals and the United States Supreme Court. I am the Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 ("Payson Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 and based on my best belief and information, the

proposed settlement obtains for the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

Further, Affiant sayeth not.

Jason R. Searcy
Payson Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**



IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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IN RE: PAYSON PETROLEUM 3 WELL, L.P., DEBTOR.	§ § § § §	Case No. 17-40179 Chapter 7
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IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
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**AFFIDAVIT OF CHRISTOPHER J. MOSER
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Christopher J. Moser, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Christopher J. Moser. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas and the United States Fifth Circuit of Appeals. I am the Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 ("LP Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 ("Motion") and based on my best belief and information, the proposed settlement obtains for

the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

It is my professional opinion that the settlement agreement reflected in the Motion is in the best interest of the estate and comports with the settlement standards of *Protective Comm. For Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. Reh'g denied, 391 U.S. 909 (1968) and of *River City vs. Herpel, (In re Jackson Brewing Co.)*, 624 F.2d 599, 602-603 (5th Cir. 1980). Accordingly, the settlement should be approved.

Further, Affiant sayeth not.

Christopher J. Moser
LP Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:

**PAYSON PETROLEUM 3 WELL, LP,

DEBTOR.**

§
§
§
§
§

**Case No. 17-40179
Chapter 7**

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. (“Debtor”) in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 3 Well LP Subject Claims Assignment and Participation Agreement attached

7. A general unsecured claim of Payson Petroleum against 3 Well LP is hereby allowed in the amount of Eight Million Five Hundred Fifty-Seven Thousand Eight Hundred Eighty-Eight and 50/100 U.S. Dollars (\$8,557,888.50).

9. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the 3 Well LP Avoidance Action Claims Net Recovery and the 3 Well LP Partnership Related Claims Net Recovery as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement.

10. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims without further order of this Court. Payson Petroleum is hereby appointed the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the

3 Well LP Partnership Related Claims pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 3 Well LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, or Payson/3 Well LP Partnership Related Claims as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 3 Well LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 3 Well LP Partnership Related Claims or the 3 Well LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

SUBMITTED BY:

/s/
Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

AGREED TO IN FORM AND SUBSTANCE BY:

/s/
Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
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**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

/s/

 Keith W. Harvey
 State Bar No. 09180100
 THE HARVEY LAW FIRM, P.C.
 6510 Abrams Road
 Suite 280
 Dallas, Texas 75231
 (972) 243-3960 Phone
 (972)-241-3970 Facsimile

**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

PROCEDURAL STATUS

1. Payson Debtor Bankruptcy Filings. On June 10, 2016, Payson Petroleum, Inc. (“Payson Petroleum”), Payson Operating, LLC (“Payson Operating”), and Maricopa Resources, LLC (“Maricopa”) filed voluntary petitions under Chapter 7 of the United States Bankruptcy Code (the “Bankruptcy Code”) in this Bankruptcy Court.¹ See Docket No. 1 in Bankruptcy Case Nos. 16-41043, 16-40144, and 16-40145. On July 12, 2016, the Bankruptcy Court entered orders converting the Payson Debtors’ bankruptcy cases to cases under Chapter 11 of the Bankruptcy Code. See Docket No. 39 in Case No. 16-41043, Docket No. 33 in Case No. 16-40144, and Docket No. 41 in Case No. 16-40145. On July 18, 2016, the Bankruptcy Court entered orders approving the United States Trustee’s applications to appoint the Payson Trustee as the Chapter 11 Trustee in the Payson Debtors’ bankruptcy cases. See Docket No. 55 in Case No. 16-41043, Docket No. 50 in Case No. 16-40144, and Docket No. 57 in Case No. 16-41045. On August 11, 2016, the Bankruptcy Court ordered the joint administration of the Payson Debtors’ bankruptcy cases under Case No. 16-41044. See Docket No. 75 in Case No. 16-41043, Docket No. 73 in Case No. 16-41044, and Docket No. 81 in Case No. 16-41045.

2. Adversary Proceeding. On November 1, 2016, the Payson Trustee filed his *Complaint to Avoid and Recover Transfers Pursuant to 11 U.S.C. §§ 548, 547, and 550* in Adversary Proceeding No. 16-04106 (the “Adversary Proceeding”) against Payson Petroleum 3 Well, LP (“3 Well LP”) and Payson Petroleum 3 Well 2014, L.P. (“2014 LP”).

3. LP Debtor Bankruptcy Filings. On January 31, 2017, 3 Well LP and 2014 LP (collectively, the “LP Debtors”) filed voluntary petitions under Chapter 7 of the Bankruptcy Code. See Docket No. 1 in Case No. 17-40179 and Docket No. 1 in Case No. 17-40180. LP Trustee was

¹ Collectively, Payson Petroleum, Payson Operating, and Maricopa are the “Payson Debtors.”

appointed as Chapter 7 Trustee for the LP Debtors.

4. Stay Issues. On February 21, 2017, LP Trustee filed his *Certificate of Notice of Bankruptcy Filing and Stay* in the Adversary Proceeding. See Docket No. 24 in Adversary Proceeding. On June 21, 2017, the Bankruptcy Court entered its *Agreed Order Granting Motion to Lift Stay* in LP Debtor's bankruptcy cases which, *inter alia*, provides that the parties are "granted relief from the automatic stay ... to continue with and fully litigate claims that are or could be pled" in the Adversary Proceeding. Docket No. 26 in Case No. 17-40180 and Docket No. 29 in Case No. 17-40179.

5. Amended Complaint. On July 13, 2017, Payson Trustee filed his *First Amended Complaint* in the Adversary Proceeding. See Docket No. 25 in Adversary Proceeding.

6. Jurisdiction & Venue. This Court has jurisdiction over the subject matter of this Joint Motion to Compromise pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

II. FACTUAL BACKGROUND

7. Nature of Payson Debtors' Businesses. Matthew C. Griffin ("Griffin") formed Payson Petroleum in 2008 to, *inter alia*, (i) promote the sale of interests in limited partnerships and (ii) operate oil and gas wells for such limited partnerships. Griffin formed Payson Operating in 2010 to act as a contract operator for Payson Petroleum. Griffin formed Maricopa in 2012 to, *inter alia*, engage in the acquisition and sale of Grayson County, Texas oil and gas leases.

8. Nature of 2014 LP's Business. Payson Petroleum Grayson, LLC formed 2014 LP in 2014 to, *inter alia*, drill, complete, and own interests in the Subject Wells.

9. Turnkey Agreements. On or about January 12, 2014, Payson Petroleum and 2014 LP entered into a Subscription Turn Key Agreement under which 2014 LP agreed to pay Payson

Subject Well	Assignee	Working Interest Assigned
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Williams #1H Well	3 Well LP	27.789160%
Crowe #2 Well	2014 LP	72.210840%
Crowe #2 Well	3 Well LP	27.789160%
Elaine #1 Well	2014 LP	72.210840%
Elaine #1 Well	3 Well LP	27.789160%

11. Additional Avoidable Transfers. In addition to the Working Interest Assignments, Payson Petroleum transferred \$2,862,000 to 2014 LP between January and February 2014 in

- Payson Petroleum shall hold an allowed unsecured claim in the 2014 LP bankruptcy case in the amount of \$2,671,900.50; and
- 2014 LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement.

17. Releases. Except for claims expressly reserved in the Settlement Agreement, all claims or causes action between the parties will be released.

- 2014 LP will obtain 32.4945% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;
- 2014 LP will retain a fifty percent (50%) interest in all 2014 LP Avoidance Action Claims Net Recovery and 2014 LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; *and*
- except for claims expressly preserved under the Settlement Agreement, 2014 LP's bankruptcy estate is released from claims which have been or could have been asserted against 2014 LP by Payson Petroleum, Payson Operating, and/or Maricopa.

V. RELIEF REQUESTED

22. The Payson Trustee and LP Trustee respectfully request that the Court approve the proposed Settlement Agreement attached hereto as Exhibit A and grant them such other and further relief to which they may be entitled.

VI. BASIS FOR RELIEF

23. Bankruptcy Courts are “empowered to approve a compromise settlement of a debtor’s claim under Bankruptcy Rule 9019(a).” *Official Comm. of Unsecured Creditors v. Cajun Electric Power Coop., Inc. (In re Cajun Elec. Power Coop., Inc.)*, 119 F.3d 349, 355 (5th Cir. 1997). “Approval should only be given if the settlement is fair and equitable and in the best interest of the estate.” *Id.* (internal quotes & cite omitted). “In deciding whether a settlement of litigation is fair and equitable, a judge in bankruptcy must make a well-informed decision, ‘comparing the terms of the compromise with the likely rewards of litigation.’” *Id.* at 356 (quoting *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980)). Courts consider the

25. A proposed agreed order is attached hereto as **Exhibit D**.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Jason R. Searcy, Chapter 11 Trustee for the bankruptcy estates of Payson Petroleum, Inc., Payson Operating, LLC, and Maricopa Resources, LLC and Christopher J. Moser, Chapter 7 Trustee for the bankruptcy estate of Payson Petroleum 3 Well 2014, L.P. respectfully request that the Court approve the Agreement and grant them such other and further relief to which they may be justly entitled.

CERTIFICATE OF SERVICE

The undersigned certifies that on __, 2017, a true and correct copy of this document was served (i) via the Court's electronic case filing system upon the parties listed below or by email listed below, (ii) via the Court's electronic case filing system for Eastern District of Texas upon all parties requesting electronic notice of all filings and (iii) via regular First Class Mail, properly addressed and postage prepaid, upon all parties listed on the Master Service List attached hereto.

Debtors Payson Petroleum, Inc., Payson Operating,
LLC, and Maricopa Resources, LLC

Mark A. Weisbart
12770 Coil Road, Suite 541
Dallas, TX 75251
weisbartm@earthlink.net,
TX56@ecfcbis.com;mweisbart@ecf.epiqsystems.com,
tarah_simmons@earthlink.net

Debtors Payson Petroleum 3 Well ,
LP and Payson Petroleum 3 Well
2014, LP

1757 Harpsichord Way
Henderson, NV 89012

Dan Chern
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12801 N. Central Expressway, Suite 1558
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Daniel P. Winikka
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danw@LFDSLAW.COM

US Trustee
Office of the US Trustee
110 N. College Ave, #300
Tyler, TX 75702
USTPRegion06.TY.ECF@USDOJ.GOV

/s/ _____
Blake Hamm



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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IN RE: PAYSON PETROLEUM 3 WELL, L.P., DEBTOR.	§ § § § §	Case No. 17-40179 Chapter 7
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IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
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**AFFIDAVIT OF JASON R. SEARCY
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
 §
COUNTY OF GREGG §

BEFORE ME, the undersigned authority, on this day personally appeared Jason R. Searcy, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Jason R. Searcy. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas, the United States Fifth Circuit Court of Appeals and the United States Supreme Court. I am the Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 ("Payson Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 and based on my best belief and information, the

2

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**



IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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IN RE: PAYSON PETROLEUM 3 WELL, L.P., DEBTOR.	§ § § § §	Case No. 17-40179 Chapter 7
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IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
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**AFFIDAVIT OF CHRISTOPHER J. MOSER
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Christopher J. Moser, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Christopher J. Moser. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas and the United States Fifth Circuit of Appeals. I am the Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 ("LP Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 ("Motion") and based on my best belief and information, the proposed settlement obtains for



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:

**PAYSON PETROLEUM 3 WELL 2014, LP,

DEBTOR.**

§
§
§
§
§

**Case No. 17-40180
Chapter 7**

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. (“Debtor”) in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.

4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.

5. The 2014 LP Subject Claims Assignment and Participation Agreement attached as

LP Partnership Related Claims pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 2014 LP Avoidance Action Claims, 2014 LP Partnership Related Claims, or Payson/2014 LP Partnership Related Claims as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 2014 LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 2014 LP Partnership Related Claims or the 2014 LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

SUBMITTED BY:

/s/
Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

AGREED TO IN FORM AND SUBSTANCE BY:

/s/
Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

/s/
Keith W. Harvey
State Bar No. 09180100
THE HARVEY LAW FIRM, P.C.
6510 Abrams Road
Suite 280
Dallas, Texas 75231
(972) 243-3960 Phone
(972)-241-3970 Facsimile

**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

I:\Client\SEAJ1001-Searcy-Payson\Adversary Proceedings\16-04106 3 Well LP & 3 Well 2014 LP\Settlement\Settlement Agreement-Execution
Copy\Ex 7 Settlement Motions\17-40180\20170905 Agreed Order Granting 9019 Motion 17-40180.docx

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

ASSIGNMENT, CONVEYANCE AND BILL OF SALE

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS that the undersigned Payson Petroleum 3 Well 2014, L.P., whose address is c/o Christopher J. Moser, Chapter 7 Trustee, Quilling, Selander, Lownds, Winslett & Moser, P.C., 2001 Bryan Street, Ste. 1800, Dallas, TX 75201 (the "Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, does hereby BARGAIN, SELL, GRANT, ASSIGN and CONVEY unto Maricopa Resources, LLC, whose address is c/o Jason R. Searcy, Chapter 11 Trustee, Searcy & Searcy, P.C., 446 Forest Square, Longview, Texas 75605 (the "Assignee"), all of Assignor's right, title and interest in and to the wells and wellbores described herein.

DEFINITIONS

1.01 Defined Terms. The following terms, as used in this Assignment, shall have the meanings indicated below, unless the context otherwise requires:

"Crowe #2 Well" means the Crowe #2 (API #181-31543) and associated wellbore, with a surface location situated at latitude 33° 49' 10" – north, longitude 96° 41' 55" – west, in Section 11, Block 1, 11, 15, 16, the South 79 acres of the Wood & Buckles Survey, Abstract 1373, Grayson County, Texas.

"Elaine #1 Well" means the Elaine #1 (API #181-31547) and associated wellbore, with a surface location situated at latitude 33° 44' 55" – north, longitude 96° 41' 02" – west, in Section 26, Block 1, 11, 15, 16, the East half of the J.C. Wade Survey, Abstract 1382, Grayson County, Texas.

"Effective Date" means September __, 2017.

"Wells" means, collectively, the Crow #2 Well, the Elaine #1 Well and the Williams #1H Well.

"Williams #1H Well" means the Williams #1H (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of Section 26, Block 1, 11, 15, 16, the JM Dodgin Survey, Abstract 378, Grayson County, Texas.

ASSIGNMENT AND AGREEMENT

For valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor sells, assigns, transfers, delivers, and conveys to Assignee the following, all of which are collectively called the "Assets".

a. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006066, Book OR, Vol. 5779, Pg. 404, in the Crowe #2 Well.

b. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006065, Book OR, Vol. 5779, Pg. 397, in the Elaine #1 Well.

c. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006064, Book OR, Vol. 5779, Pg. 389, in the William #1H Well.

d. All right, title and interest in and to the oil and gas leases described in Exhibits A-1, A-2 and A-3 to this Assignment, insofar and only insofar as the leases cover the Wells, (collectively, the “Leases”), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Wells.

e. All right, title and interest in all personal property and fixtures associated with the Wells, including without limitation the following: all tubing, casing, and other equipment in the wellbores, wellhead equipment, gathering lines and surface production facilities.

f. All files and records relating to the items described in Paragraphs (a) through (f) maintained by Assignor and relating to the interests described in Paragraphs (a) through (f), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignee, and Assignee’s heirs, successors and assigns, forever.

Assignee and Assignor further agree as follows:

1. Title. Assignor warrants title to the Assets from and against all persons claiming by, through and under Assignor, but not otherwise.

2. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Wells to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify and hold Assignee harmless from and against all claims. Assignee shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

3. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys’ fees, court costs, interest, penalties and other expenses incurred in connection with the defense of claims shall be included in Assignee’s and Assignor’s indemnities. All indemnities of Assignee shall extend to and cover the parent, subsidiary and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

4. No Third-Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify or limit the rights of Assignor or Assignee, as between themselves.

5. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignee, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignee as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

[Signature Page Follows]

I:\Client\SEAJ1001-Searcy-Payson\Adversary Proceedings\16-04106 3 Well LP & 3 Well 2014 LP\Settlement\Settlement Agreement-Execution Copy\Ex 8 Subject Wells Assignments\Assignment 1_WIs_3Well.docx

County	Lessor	Lessee	Instrument Filed	Volume /Page	Effective Date
Grayson	Nancy T. Cutter Revocable Trust	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/291	5/1/2011
Grayson	Linley T. Solari Revocable Trust	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/284	5/1/2011
Grayson	Solari Luz, LLC	Texas Land & Petroleum Company, LLC	Ratification of Oil and Gas Lease	5043/663	5/1/2011

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Kathy Reed	Maricopa Resources, LLC	5464/927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464/931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464/915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464/923	2/24/2014
Grayson	Carin Isabel Knoop	Maricopa Resources, LLC	5464/910	4/7/2014
Grayson	Preston 150 Joint Venture	Maricopa Resources, LLC	5521/166	3/24/2014

EXHIBIT A-3

to

WELLBORE ASSIGNMENT, CONVEYANCE AND BILL OF SALE

Property Description:

1. The William #1H Well (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of the Section 26, Block 1, 11, 15, 16, JM Dodgin Survey, Abstract 378, Grayson County, Texas.
2. All personal property and fixtures associated with the William #1H Well, including without limitation the following: all tubing, casing, and other equipment in the wellbores, wellhead equipment, gathering lines and surface production facilities.

THE FOLLOWING DESCRIBED LEASES

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Linda Buechner Byrne	TLPC Holdings, Ltd.	5411/536	11/18/2013
Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411/532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of Estate of Barry L. Buechner	TLPC Holdings, Ltd.	5411/540	11/18/2013
Grayson	Kennedy & Minshew, PC	TLPC Holdings, Ltd.	5049/747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061/139	9/30/2011
Grayson	Louie A. Hattensy, Jr.	TLPC Holdings, Ltd.	5057/937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031/870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031/846	9/30/2011
Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031/854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031/862	9/30/2011
Grayson	Susan R. Greene	TLPC Holdings, Ltd.	5031/398	8/18/2011
Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031/390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034/673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034/665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036/856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031/406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031/414	9/30/2011
Grayson	SH Productions, Inc.	Maricopa Resources, LLC	5464/919	2/24/2014

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Kathy Reed	Maricopa Resources, LLC	5464/927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464/931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464/915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464/923	2/24/2014
Grayson	Endeavor Energy Resources, L.P.	OKT Resources, LLC	4981/402	2/1/2011
Grayson	Thomas W. Lett, Individually and as Trustee of the Sam Lett Testamentary Trust	OKT Resources, LLC	4418/520	2/1/2008
Grayson	Castello Enterprises, Inc.	OKT Resources, LLC	4980/156	2/1/2011
Grayson	Wilbur Lee Dean III	Matthew Avery	4296/513	4/18/2007
Grayson	Joseph Glen Dean	Matthew Avery	4296/506	4/18/2007
Grayson	Paula Marie Dean Halbach, aka Paula Marie Dean	Matthew Avery	4980/140	4/18/2007
Grayson	Landon Boyd Odle	Matthew Avery	4760/92	1/31/2007
Grayson	Douglas Kent Odle	Matthew Avery	4760/88	3/6/2007
Grayson	Gary Wayne Odle	Matthew Avery	4296/493	5/10/2007
Grayson	LaJuan Odle	Matthew Avery	4760/92	1/30/2007
Grayson	Pottsboro Church of Christ	Matthew Avery	4983/321	4/10/2011
Grayson	Vurlas Land Wilson, a/ka Verlas Lane Wilson and Margorie Marie Wilson	Matthew Avery	4296/469	4/27/2007
Grayson	John Robert Hooper	Paradise Springs, LLC	4993/305	2/12/2011
Grayson	Berdine Eberhart and Tom Eberhart	Matthew Avery	4296/441	4/27/2007
Grayson	Terry Lee Garofalo	Matthew Avery	4980/144	1/2/2011
Grayson	Ann W. Tracy, Trustee under the Ann W. Tracy Revocable Trust dated January 8, 1991	Matthew Avery	4296/457	6/27/2007
Grayson	Ilva Wilson, Ind and as Trustee of the JamesM. Wilson Jr and Ilva Wilson Family Trust	Matthew Avery	4297/46	6/27/2007
Grayson	Bobby C Wilson	Matthew Avery	4296/461	6/27/2007
Grayson	Peggy Ann Gehrig	Matthew Avery	4296/449	6/27/2007
Grayson	Thomas J. Wilson	Matthew Avery	4296/466	6/27/2007

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Lee Marjorie Hooper	Matthew Avery	4296/454	4/27/2007
Grayson	Berdine Eberhart and Tom Eberhart	Matthew Avery	4296/441	4/27/2007
Grayson	Terry Lee Garofalo	Matthew Avery	4296/445	4/27/2007
Grayson	Anadarko E&P Onshore, LLC	Paradise Springs, LLC	5355/704	8/28/2013
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5274/698	3/15/2013
Grayson	PCP Trust, Phillip C. Brown, Trustee and Philip Charles Brown	Paradise Springs, LLC	5274/701	3/15/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5367/400	9/10/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5002/826	8/21/2011
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5002/830	8/21/2011
Grayson	Philip C. Brown, aka Philip Charles Brown; PCB Trust	Paradise Springs, LLC	5002/834;838	8/21/2011

a. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006066, Book OR, Vol. 5779, Pg. 404, in the Crowe #2 Well.

b. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006065, Book OR, Vol. 5779, Pg. 397, in the Elaine #1 Well.

c. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006064, Book OR, Vol. 5779, Pg. 389, in the William #1H Well.

d. All right, title and interest in and to the oil and gas leases described in Exhibits A-1, A-2 and A-3 to this Assignment, insofar and only insofar as the leases cover the Wells, (collectively, the “Leases”), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Wells.

e. All right, title and interest in all personal property and fixtures associated with the Wells, including without limitation the following: all tubing, casing, and other equipment in the wellbores, wellhead equipment, gathering lines and surface production facilities.

f. All files and records relating to the items described in Paragraphs (a) through (f) maintained by Assignor and relating to the interests described in Paragraphs (a) through (f), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignee, and Assignee’s heirs, successors and assigns, forever.

Assignee and Assignor further agree as follows:

1. Title. Assignor warrants title to the Assets from and against all persons claiming by, through and under Assignor, but not otherwise.

2. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Wells to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify and hold Assignee harmless from and against all claims. Assignee shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

3. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys’ fees, court costs, interest, penalties and other expenses incurred in connection with the defense of claims shall be included in Assignee’s and Assignor’s indemnities. All indemnities of Assignee shall extend to and cover the parent, subsidiary and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

4. No Third-Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify or limit the rights of Assignor or Assignee, as between themselves.

5. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignee, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignee as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

[Signature Page Follows]

EXHIBIT A-1

to

WELLBORE ASSIGNMENT, CONVEYANCE AND BILL OF SALE

Property Description:

1. The Crowe #2 Well (API #181-31543) and associated wellbore, with a surface location situated at latitude 33° 49' 10" – north, longitude 96° 41' 55" – west, in Section 11, Block 1, 11, 15, 16, the South 79 acres of the Wood & Buckles Survey, Abstract 1373, Grayson County, Texas (from the surface of the earth down to the measured depth of 11,164').
2. All personal property and fixtures associated with the Crowe #2 Well, including without limitation the following: all tubing, casing, and other equipment in the wellbores, wellhead equipment, gathering lines and surface production facilities.

THE FOLLOWING DESCRIBED LEASES

County	Lessor	Lessee	Instrument Filed	Volume /Page	Effective Date
Grayson	Marilyn Teresa Morrow	RWJ Exploration, LLC	Oil, Gas and Mineral Lease	4724/434	6/12/2009
Grayson	Samuel Louis Crow	Atoka Operating, Inc.	Oil, Gas and Mineral Lease	4536/579	1/7/2008
Grayson	Linda Darnell Lott, acting as Agent and Attorney-in-Fact for Frank L. Darnell, Sr.	Atoka Operating, Inc.	Oil, Gas and Mineral Lease	4536/566	4/3/2008
Grayson	Linda Darnell Lott, as Independent Executrix of the Estate of Dorothy L. Darnell	Atoka Operating, Inc.	Oil, Gas and Mineral Lease	4536/583	4/1/2008
Grayson	Allen M. Tonkin, Jr., Revocable Trust	Texas Land & Petroleum Company, LLC	Oil, Gas and Mineral Lease	4956/294	5/1/2011
Grayson	Nancy P. Tonkin Revocable Trust	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/287	5/1/2011

County	Lessor	Lessee	Instrument Filed	Volume /Page	Effective Date
Grayson	Nancy T. Cutter Revocable Trust	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/291	5/1/2011
Grayson	Linley T. Solari Revocable Trust	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/284	5/1/2011
Grayson	Solari Luz, LLC	Texas Land & Petroleum Company, LLC	Ratification of Oil and Gas Lease	5043/663	5/1/2011

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Linda Buechner Byrne	TLPC Holdings, Ltd.	5411/536	11/18/2013
Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411/532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of Estate of Barry L. Buechner, Deceased	TLPC Holdings, Ltd.	5411/540	11/18/2013
Grayson	Kennedy & Minshew, PC	TLPC Holdings, Ltd.	5049/747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061/139	9/30/2011
Grayson	Louie A. Hattensy, Jr.	TLPC Holdings, Ltd.	5057/937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031/870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031/846	9/30/2011
Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031/854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031/862	9/30/2011
Grayson	Susan R. Greene	TLPC Holdings, Ltd.	5031/398	8/18/2011
Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031/390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034/673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034/665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036/856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031/406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031/414	9/30/2011
Grayson	SH Productions, Inc.	Maricopa Resources, LLC	5464/919	2/24/2014

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Kathy Reed	Maricopa Resources, LLC	5464/927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464/931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464/915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464/923	2/24/2014
Grayson	Endeavor Energy Resources, L.P.	OKT Resources, LLC	4981/402	2/1/2011
Grayson	Thomas W. Lett, Individually and as Trustee of the Sam Lett Testamentary Trust	OKT Resources, LLC	4418/520	2/1/2008
Grayson	Castello Enterprises, Inc.	OKT Resources, LLC	4980/156	2/1/2011
Grayson	Wilbur Lee Dean III	Matthew Avery	4296/513	4/18/2007
Grayson	Joseph Glen Dean	Matthew Avery	4296/506	4/18/2007
Grayson	Paula Marie Dean Halbach, aka Paula Marie Dean	Matthew Avery	4980/140	4/18/2007
Grayson	Landon Boyd Odle	Matthew Avery	4760/92	1/31/2007
Grayson	Douglas Kent Odle	Matthew Avery	4760/88	3/6/2007
Grayson	Gary Wayne Odle	Matthew Avery	4296/493	5/10/2007
Grayson	LaJuan Odle	Matthew Avery	4760/92	1/30/2007
Grayson	Pottsboro Church of Christ	Matthew Avery	4983/321	4/10/2011
Grayson	Vurlas Land Wilson, a/ka Verlas Lane Wilson and Margorie Marie Wilson	Matthew Avery	4296/469	4/27/2007
Grayson	John Robert Hooper	Paradise Springs, LLC	4993/305	2/12/2011
Grayson	Berdine Eberhart and Tom Eberhart	Matthew Avery	4296/441	4/27/2007
Grayson	Terry Lee Garofalo	Matthew Avery	4980/144	1/2/2011
Grayson	Ann W. Tracy, Trustee under the Ann W. Tracy Revocable Trust dated January 8, 1991	Matthew Avery	4296/457	6/27/2007
Grayson	Ilva Wilson, Ind and as Trustee of the JamesM. Wilson Jr and Ilva Wilson Family Trust	Matthew Avery	4297/46	6/27/2007
Grayson	Bobby C Wilson	Matthew Avery	4296/461	6/27/2007
Grayson	Peggy Ann Gehrig	Matthew Avery	4296/449	6/27/2007
Grayson	Thomas J. Wilson	Matthew Avery	4296/466	6/27/2007

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Lee Marjorie Hooper	Matthew Avery	4296/454	4/27/2007
Grayson	Berdine Eberhart and Tom Eberhart	Matthew Avery	4296/441	4/27/2007
Grayson	Terry Lee Garofalo	Matthew Avery	4296/445	4/27/2007
Grayson	Anadarko E&P Onshore, LLC	Paradise Springs, LLC	5355/704	8/28/2013
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5274/698	3/15/2013
Grayson	PCP Trust, Phillip C. Brown, Trustee and Philip Charles Brown	Paradise Springs, LLC	5274/701	3/15/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5367/400	9/10/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5002/826	8/21/2011
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5002/830	8/21/2011
Grayson	Philip C. Brown, aka Philip Charles Brown; PCB Trust	Paradise Springs, LLC	5002/834;838	8/21/2011



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, L.P.,	§	Case No. 17-40179
	§	Chapter 7
DEBTOR.	§	

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL 2014,	§	Case No. 17-40180
L.P.,	§	Chapter 7
	§	
DEBTOR.	§	

**AFFIDAVIT OF JASON R. SEARCY
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS	§	
	§	
COUNTY OF GREGG	§	

BEFORE ME, the undersigned authority, on this day personally appeared Jason R. Searcy, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Jason R. Searcy. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas, the United States Fifth Circuit Court of Appeals and the United States Supreme Court. I am the Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 ("Payson Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 and based on my best belief and information, the

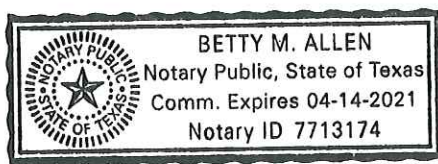
proposed settlement obtains for the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.


Further, Affiant sayeth not.



Jason R. Searcy
Payson Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this 20th day of Sept., 2017,
to certify with witness my hand and official seal.





NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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IN RE: PAYSON PETROLEUM 3 WELL, L.P., DEBTOR.	§ § § § §	Case No. 17-40179 Chapter 7
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IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
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**AFFIDAVIT OF CHRISTOPHER J. MOSER
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS	§	
	§	
COUNTY OF DALLAS	§	

BEFORE ME, the undersigned authority, on this day personally appeared Christopher J. Moser, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Christopher J. Moser. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas and the United States Fifth Circuit of Appeals. I am the Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 ("LP Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 ("Motion") and based on my best belief and information, the proposed settlement

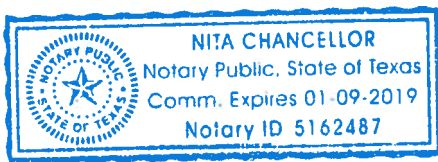
obtains for the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

It is my professional opinion that the settlement agreement reflected in the Motion is in the best interest of the estate and comports with the settlement standards of *Protective Comm. For Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. Reh'g denied, 391 U.S. 909 (1968) and of *River City vs. Herpel*, (*In re Jackson Brewing Co.*), 624 F.2d 599, 602-603 (5th Cir. 1980). Accordingly, the settlement should be approved.

Further, Affiant sayeth not.


Christopher J. Moser
LP Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this 18th day of September, 2017,
to certify with witness my hand and official seal.




NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:

**PAYSON PETROLEUM 3 WELL, LP,
DEBTOR.**

§§§§§

Case No. 17-40179
Chapter 7

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. (“Debtor”) in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 3 Well LP Subject Claims Assignment and Participation Agreement attached

as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

6. This Order is binding upon the Parties and all other parties in interest in accordance with the terms of the Settlement Agreement.

7. A general unsecured claim of Payson Petroleum against 3 Well LP is hereby allowed in the amount of Eight Million Five Hundred Fifty-Seven Thousand Eight Hundred Eighty-Eight and 50/100 U.S. Dollars (\$8,557,888.50).

8. The releases provided for in the Settlement Agreement are hereby approved. Upon consummation of the Settlement Agreement all claims by 3 Well LP against Payson Petroleum, Payson Operating or Maricopa except for the 2014 LP and 3 Well LP Retained Claims (as defined in the Settlement Agreement) are released. Upon consummation of the Settlement Agreement all claims of Payson Petroleum, Payson Operating and Maricopa, except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims (as defined in the Settlement Agreement) are released.

9. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the 3 Well LP Avoidance Action Claims Net Recovery and the 3 Well LP Partnership Related Claims Net Recovery as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement.

10. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims without further order of this Court. Payson Petroleum is hereby appointed the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the

3 Well LP Partnership Related Claims pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 3 Well LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, or Payson/3 Well LP Partnership Related Claims as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 3 Well LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 3 Well LP Partnership Related Claims or the 3 Well LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

SUBMITTED BY:

/s/ Blake Hamm

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

AGREED TO IN FORM AND SUBSTANCE BY:

/s/ Blake Hamm

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
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**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

/s/ Keith W. Harvey

Keith W. Harvey
State Bar No. 09180100
THE HARVEY LAW FIRM, P.C.
6510 Abrams Road
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(972) 243-3960 Phone
(972)-241-3970 Facsimile

**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**



IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
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**JOINT MOTION TO APPROVE COMPROMISE AND SETTLEMENT PURSUANT
TO BANKRUPTCY RULE 9019**

NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AND SERVED UPON THE PARTY FILING THIS PLEADING WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH OBJECTION. IF NO OBJECTION IS TIMELY SERVED AND FILED, THIS PLEADING SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF AN OBJECTION IS FILED AND SERVED IN A TIMELY MANNER, THE COURT WILL THEREAFTER SET A HEARING. IF YOU FAIL TO APPEAR AT THE HEARING, YOUR OBJECTION MAY BE STRICKEN. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

TO THE HONORABLE BRENDA RHOADES, U. S. BANKRUPTCY JUDGE:

COME NOW Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 (the “Payson Trustee”) and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 (the “LP Trustee”) to file their *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* (the “Joint Motion to Compromise”), and in support thereof, respectfully show unto the Court the following:

I.

PROCEDURAL STATUS

1. Payson Debtor Bankruptcy Filings. On June 10, 2016, Payson Petroleum, Inc. (“Payson Petroleum”), Payson Operating, LLC (“Payson Operating”), and Maricopa Resources, LLC (“Maricopa”) filed voluntary petitions under Chapter 7 of the United States Bankruptcy Code (the “Bankruptcy Code”) in this Bankruptcy Court.¹ See Docket No. 1 in Bankruptcy Case Nos. 16-41043, 16-40144, and 16-40145. On July 12, 2016, the Bankruptcy Court entered orders converting the Payson Debtors’ bankruptcy cases to cases under Chapter 11 of the Bankruptcy Code. See Docket No. 39 in Case No. 16-41043, Docket No. 33 in Case No. 16-40144, and Docket No. 41 in Case No. 16-40145. On July 18, 2016, the Bankruptcy Court entered orders approving the United States Trustee’s applications to appoint the Payson Trustee as the Chapter 11 Trustee in the Payson Debtors’ bankruptcy cases. See Docket No. 55 in Case No. 16-41043, Docket No. 50 in Case No. 16-40144, and Docket No. 57 in Case No. 16-41045. On August 11, 2016, the Bankruptcy Court ordered the joint administration of the Payson Debtors’ bankruptcy cases under Case No. 16-41044. See Docket No. 75 in Case No. 16-41043, Docket No. 73 in Case No. 16-41044, and Docket No. 81 in Case No. 16-41045.

2. Adversary Proceeding. On November 1, 2016, the Payson Trustee filed his *Complaint to Avoid and Recover Transfers Pursuant to 11 U.S.C. §§ 548, 547, and 550* in Adversary Proceeding No. 16-04106 (the “Adversary Proceeding”) against Payson Petroleum 3 Well, LP (“3 Well LP”) and Payson Petroleum 3 Well 2014, L.P. (“2014 LP”).

3. LP Debtor Bankruptcy Filings. On January 31, 2017, 3 Well LP and 2014 LP (collectively, the “LP Debtors”) filed voluntary petitions under Chapter 7 of the Bankruptcy Code. See Docket No. 1 in Case No. 17-40179 and Docket No. 1 in Case No. 17-40180. LP Trustee was

¹ Collectively, Payson Petroleum, Payson Operating, and Maricopa are the “Payson Debtors.”

appointed as Chapter 7 Trustee for the LP Debtors.

4. Stay Issues. On February 21, 2017, LP Trustee filed his *Certificate of Notice of Bankruptcy Filing and Stay* in the Adversary Proceeding. See Docket No. 24 in Adversary Proceeding. On June 21, 2017, the Bankruptcy Court entered its *Agreed Order Granting Motion to Lift Stay* in LP Debtor's bankruptcy cases which, *inter alia*, provides that the parties are "granted relief from the automatic stay ... to continue with and fully litigate claims that are or could be pled" in the Adversary Proceeding. Docket No. 26 in Case No. 17-40180 and Docket No. 29 in Case No. 17-40179.

5. Amended Complaint. On July 13, 2017, Payson Trustee filed his *First Amended Complaint* in the Adversary Proceeding. See Docket No. 25 in Adversary Proceeding.

6. Jurisdiction & Venue. This Court has jurisdiction over the subject matter of this Joint Motion to Compromise pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

II. FACTUAL BACKGROUND

7. Nature of Payson Debtors' Businesses. Matthew C. Griffin ("Griffin") formed Payson Petroleum in 2008 to, *inter alia*, (i) promote the sale of interests in limited partnerships and (ii) operate oil and gas wells for such limited partnerships. Griffin formed Payson Operating in 2010 to act as a contract operator for Payson Petroleum. Griffin formed Maricopa in 2012 to, *inter alia*, engage in the acquisition and sale of Grayson County, Texas oil and gas leases.

8. Nature of 2014 LP's Business. Payson Petroleum Grayson, LLC formed 2014 LP in 2014 to, *inter alia*, drill, complete, and own interests in the Subject Wells.

9. Turnkey Agreements. On or about January 12, 2014, Payson Petroleum and 2014 LP entered into a Subscription Turn Key Agreement under which 2014 LP agreed to pay Payson

Petroleum certain amounts for the drilling and completion of the Subject Wells (the “Turnkey Agreement”). In the Adversary Proceeding, Payson Petroleum asserts a claim for breach of the Turnkey Agreement against 2014 LP in the amount of \$5,343,803 (the “Breach of Turnkey Agreement Claim”).

10. Working Interest Assignments. On or about Marcy 28, 2016, Maricopa assigned certain interests in the William #1H (API # 181-31557), Crowe #2 (API #181-31543), and Elaine #1 (API #181-31547) (collectively the “Subject Wells”) to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066. The working interests assigned are set forth below:

Subject Well	Assignee	Working Interest Assigned
Williams #1H Well	2014 LP	72.210840%
Williams #1H Well	3 Well LP	27.789160%
Crowe #2 Well	2014 LP	72.210840%
Crowe #2 Well	3 Well LP	27.789160%
Elaine #1 Well	2014 LP	72.210840%
Elaine #1 Well	3 Well LP	27.789160%

(collectively the “Working Interest Assignments”). In the Adversary Proceeding, Maricopa asserts claims under 11 U.S.C. §§ 547, 548, and 550 and Chapter 24 of the Texas Business and Commerce Code against 2014 LP for avoidance of the Working Interest Assignments and recovery of the interests transferred to 2014 LP or their value. Post-bankruptcy petition production revenue attributable to the Working Interest Assignments has been held by Traton Operating Company (“Traton”), the Payson Trustee’s approved contract operating company.

11. Additional Avoidable Transfers. In addition to the Working Interest Assignments, Payson Petroleum transferred \$2,862,000 to 2014 LP between January and February 2014 in

exchange for interest in that limited partnership that Payson Petroleum knew or should have known were worth far less than the amounts transferred (the “Investment Transfers”). In the Adversary Proceeding, the Payson Trustee asserts claims under 11 U.S.C. § 544 and 550 and Chapter 24 of the Texas Business and Commerce Code to avoid and recover the Investment Transfers from 2014 LP (the “Investment Transfer Claim”).

III. PROPOSED SETTLEMENT

12. The Payson Trustee, Payson Debtors, LP Trustee, and LP Debtors have reached a settlement of issues asserted in the Adversary Proceeding and other claims that have or could have been asserted between the parties. Attached hereto as **Exhibit A** is a copy of the Settlement Agreement.²

13. **Agreed Final Judgment.** As explained in the Settlement Agreement, the parties will resolve the Adversary Proceeding by filing a Joint Motion for Entry of Agreed Final Judgment and will use their best efforts to have the Agreed Final Judgment entered by the Bankruptcy Court. The Agreed Final Judgment will, *inter alia*, provide that the Wellbore Interest Assignments are avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B) and grant judgment in favor of Payson Petroleum on its Breach of Turnkey Agreement Claim against 2014 LP in the amount of \$2,671,900.50. *See* Exhibit 3 to Settlement Agreement.

14. **Conveyance of Interests in Subject Wells.** 3 Well LP and 2014 LP will reassign the avoided interests in the Subject Wells to Maricopa, which will continue to be operated by Traton until Maricopa sells those interests under 11 U.S.C. § 363. As explained in further detail

² To the extent of any inconsistency between the Settlement Agreement and the summary of that agreement set forth in this Joint Motion to Compromise, the terms of the Settlement Agreement control. This outline is not intended to repeat all terms of the Settlement Agreement and persons reading this Joint Motion to Compromise are encouraged to read the Settlement Agreement. Capitalized Terms used but not otherwise defined herein have the meaning ascribed to them in the Joint Motion to Compromise or the Settlement Agreement as applicable.

in the Settlement Agreement, the net proceeds obtained from the operation and sale of the Subject Wells (defined in the Settlement Agreement as the Subject Wells Net Proceeds) will be distributed as follows: (i) 55% to Maricopa, (ii) 32.4945% to 2014 LP, and (iii) 12.5055% to 3 Well LP. Maricopa will retain a \$50,000 Operating Reserve to satisfy costs related to operation of the Subject Wells.

15. Allowed Claims. The Settlement Agreement also provides that the parties will agree to the following allowed unsecured claims:

- Payson Petroleum shall hold an allowed unsecured claim in the 2014 LP bankruptcy case in the amount of \$2,671,900.50; and
- 2014 LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement.

16. Prosecution of and Participation in Avoidance Action Claims. The Settlement Agreement further provides that the parties will enter into the 2014 LP Subject Claims Assignment and Participation Agreement (collectively the “Claims Assignment and Participation Agreement”). Pursuant to the Claims Assignment and Participation Agreements 2014 LP will assign a fifty percent (50%) interest in net recoveries from litigation of 2014 LP Avoidance Action Claims and 2014 Partnership Related Claims, as defined in the Claims Assignment and Participation Agreement, with 2014 LP retaining the remaining fifty percent (50%) interest. Payson Petroleum shall be granted standing to prosecute 2014 LP Avoidance Action Claims and Partnership Related Claims in the 2014 LP bankruptcy case, and 2014 LP shall enter into an engagement agreement with special litigation counsel for the Payson Trustee to prosecute such claims for the benefit of the Payson Petroleum and 2014 LP bankruptcy estates.

17. Releases. Except for claims expressly reserved in the Settlement Agreement, all claims or causes action between the parties will be released.

IV. **RATIONALE**

18. Benefit to Maricopa Estate. The Maricopa bankruptcy estate receives the following benefits from the settlement:

- the interests assigned to 2014 LP via the Working Interest Assignments will be reassigned to Maricopa, and Maricopa will 55% of the Subject Wells Net Proceeds, plus a \$50,000 Operating Reserve to satisfy costs associated with operation of the Subject Wells; and
- except for claims expressly preserved under the Settlement Agreement, Maricopa's bankruptcy estate is released from claims which have been or could have been asserted against Maricopa by 2014 LP.

19. Benefit to Payson Petroleum Estate. The Payson Petroleum bankruptcy estate receives the following benefits from the settlement:

- an allowed general unsecured claim in the 2014 LP bankruptcy case in the amount of Two Million Six Hundred Seventy-One Thousand Nine Hundred and 50/100 U.S. Dollars (\$2,671,900.50) on account of Payson Petroleum's Breach of Turnkey Agreement claim against 2014 LP;
- Payson Petroleum is (i) granted standing and authority to enforce and prosecute 2014 LP Avoidance Action Claims and 2014 LP Partnership Related Claims (the "Subject Claims") and (ii) will hold a fifty percent (50%) participation interest in net recoveries from the Subject Claims as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, Payson Petroleum's bankruptcy estate is released from claims which have been or could have been asserted against Payson Petroleum by 2014 LP.

20. Benefit to Payson Operating Estate. Except for claims expressly preserved under the Settlement Agreement, Payson Operating's bankruptcy estate is released from claims which have been or could have been asserted against Payson Operating by 2014 LP.

21. Benefit to 2014 LP Estate. The 2014 LP bankruptcy estate receives the following benefits from the settlement:

- 2014 LP will obtain 32.4945% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;
- 2014 LP will retain a fifty percent (50%) interest in all 2014 LP Avoidance Action Claims Net Recovery and 2014 LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; *and*
- except for claims expressly preserved under the Settlement Agreement, 2014 LP's bankruptcy estate is released from claims which have been or could have been asserted against 2014 LP by Payson Petroleum, Payson Operating, and/or Maricopa.

V. **RELIEF REQUESTED**

22. The Payson Trustee and LP Trustee respectfully request that the Court approve the proposed Settlement Agreement attached hereto as Exhibit A and grant them such other and further relief to which they may be entitled.

VI. **BASIS FOR RELIEF**

23. Bankruptcy Courts are “empowered to approve a compromise settlement of a debtor’s claim under Bankruptcy Rule 9019(a).” *Official Comm. of Unsecured Creditors v. Cajun Electric Power Coop., Inc. (In re Cajun Elec. Power Coop., Inc.)*, 119 F.3d 349, 355 (5th Cir. 1997). “Approval should only be given if the settlement is fair and equitable and in the best interest of the estate.” *Id.* (internal quotes & cite omitted). “In deciding whether a settlement of litigation is fair and equitable, a judge in bankruptcy must make a well-informed decision, ‘comparing the terms of the compromise with the likely rewards of litigation.’” *Id.* at 356 (quoting *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980)). Courts consider the

following factors in determining whether a settlement is fair and equitable “(1) [t]he probability of success in the litigation, with due consideration for the uncertainty in fact and law, (2) [t]he complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (3) all other factors bearing on the wisdom of the compromise.” *Id.*

24. The factors support granting the Joint Motion to Compromise. First, the disputes are hotly contested and would require lengthy and likely expensive litigation to resolve, and the Settlement Agreement was reached after good-faith, contentious, and arms-length negotiations. The Payson Trustee and LP Trustee desire to avoid lengthy litigation between the respective bankruptcy estates so they can focus on enhancing the value of those estates for the benefit of creditors. Litigation would be expensive and involve, *inter alia*, complex factual issues regarding the value of the property transferred and solvency of the various bankruptcy estates. The Settlement Agreement, on the other hand, allows the Payson Trustee to distribute hydrocarbon proceeds currently held in suspense and initiate a sales process to monetize the Subject Wells for the benefit of creditors of Maricopa and 2014 LP. Additionally, the Settlement Agreement (i) reduces 2014 LP’s liability for failing to pay Payson Petroleum amounts owed under the Turnkey Agreement by fifty percent (50%), (ii) provides an arrangement for coordinated prosecution of avoidance actions and sharing in the proceeds of the same, and (iii) eliminates the potential that the LP Trustee and Payson Trustee would pursue substantially similar claims against partners of 2014 LP in different proceedings and forums. In sum, the Payson Trustee and LP Trustee believe the Settlement Agreement is in the best interests of their respective bankruptcy estates and should be approved. *See* Affidavit of Jason R. Searcy, attached as **Exhibit B** and Affidavit of Christopher J. Moser, attached as **Exhibit C**.

25. A proposed agreed order is attached hereto as **Exhibit D**.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Jason R. Searcy, Chapter 11 Trustee for the bankruptcy estates of Payson Petroleum, Inc., Payson Operating, LLC, and Maricopa Resources, LLC and Christopher J. Moser, Chapter 7 Trustee for the bankruptcy estate of Payson Petroleum 3 Well 2014, L.P. respectfully request that the Court approve the Agreement and grant them such other and further relief to which they may be justly entitled.

Dated: September 21, 2017

Respectfully submitted,

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2014, L.P.**

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* was duly served as follows:

- On September 21, 2017 via the Court's electronic case filing system for the Eastern District of Texas upon all parties requesting electronic notice of all filings or by email as listed below.
- On September 21, 2017 via first class mail, properly addressed and postage prepaid, upon all parties listed on the Service List attached hereto.

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Malcolm Vye 145 N. Sheridan Winnetka IL 60093-4223	Marc Henn Harvest Financial Advisors, LLC 440 Glendale Ave. Cincinnati OH 45246-3815	Margaret McElroy 109 SE Rambling Trail Burleson TX 76087-7631
Margaret Ng and Ross Chan 6112 Ascot Drive Oakland CA 94611-2527	Margaret and David Grubbs 205 Kenmore Ave. Elmhurst IL 60126-3517	Margarett Propst 6709 Yolanda Dr. Fort Worth TX 76112-4129
Marisa Lindholm 333 Via Lido Nord Newport Beach CA 92663-4649	Mark Modlin 4005 Kenosha Rd. Plano TX 75024-7075	Mark and Romalyn Trewitt 4017 Messina Drive Plano TX 75093-7038
Marlow and Rebecca Williams 197 Golden Crown Ave. Henderson NV 89002-9267	Marty Prinz Blind Canyon 1780 N. Kimball Avenue Southlake TX 76092-4002	Marvin and Mary Van Hal 280 East Bob Jones Rd. Southlake TX 76092-9275
Mary A. Gardecki 68 Auburn St. Stratford CT 06614-3701	Mary Ann Swift 200 N. Matteson Ave Republic MO 65738-1675	Mary Jane Pompa 21 Basking Ridge Rd. Shelton CT 06484-3897
Mary Louise and Albert Edwards 778 Old Stratfield Rd. Fairfield CT 06825-7427	Mary Russell 3111 Kelly Rd Aledo TX 76008-4882	Meiyu Chen 913 Ashford Lane Westmont IL 60559-2656

Michael Kudlik 4760 Highland Drive Suite 245 Holladay Utah 84117-5149	Michael Kusheba 235 Deerfield Dr Stratford CT 06614-2767	Michael Mitchell 300 Landwyck Ln. Flower Mound TX 75028-7144
Michael Musaraca 2414 Blue Spruce Ct. Aurora IL 60502-6420	Michael Niemann Julie Wakeman 14105 W. 72nd St. Shawnee KS 66216-5520	Michael Pettis Pettis Oil and Gas, LLC 3140 Brookhollow Ct. Prosper TX 75078-0529
Michael Ranelle 4220 Harlanwood Fort Worth TX 76109-2045	Michael Sobel 3311 Tack House Rd. Trent Woods NC 28562-6646	Michael Yates 22292 Regnart Rd. Cupertino CA 95014-4845
Michael and Pamela Spitzer 2010 Roma Ave. Fruita CO 81521-8616	Mike Wang 390 Foothill Ave. Sierra Madre CA 91024-1518	Molly Bayer Kijabe, LLC 3602 Vista Chase Court Arlington TX 76001-6963
Mona Fields 2006 Underwood Rd Aledo TX 76008-2447	Monica Markovics 37 Parkway Terrace Milford CT 06461-1930	Christopher Moser 2001 Bryan Street, Suite 1800 Dallas, TX 75201-3070
Natalia Ryndin 28832 Sean Dr. Laguna Niguel CA 92677-4661	Nathan Sanders BESCO Family Investments, LLC 3309 Mansfield Hwy. Fort Worth TX 76119-6025	Neil Agrawal 2962 E. 45th Place Tulsa OK 74105-5204
Noel and Sandra Markovics 42 Parkway Terrace Milford CT 06461-1929	Noral and Juanita Gregory 2881 Oakbriar Trail Fort Worth TX 76109-5556	Oklahoma City OK 73156 Julie Wakeman 14105 W. 72nd St. Shawnee KS 66216-5520
Om and Veena Agrawal 209 Kenshire Dr. Benbrook TX 76126-4113	Pamela Smith 481 Pecan Burleson TX 76028-6309	Payson Petroleum 3 Well 2014, L.P. 2652 FM 407 E, Ste. 250 Bartonville, TX 76226-7026
Peili Wu 3108 Regal Dr. Arlington TX 76016-2028	Peter Backes 9448 Quail Ridge Dr. Las Vegas NV 89134-8938	Peter and Monika Wettenstein 5325 E. Kathleen Rd. Scottsdale AZ 85254-1758
Philip Zou 1065 Sanctuary Ct. Vernon Hills IL 60061-3608	Philip and Anita Strand 1911 Nelson Ct. DeSoto TX 75115-2142	Pottsboro ISD % Perdue Brandon Fielder Et Al 500 E. Border Street Suite 640 Arlington, TX 76010-7457

Pottsboro ISD c/o Perdue Brandon Fielder et al 500 East Border Street, Suite 640 Arlington, TX 76010-7457	Prem Kumar Wildflower LLC 817 E. San Angelo Ave. Gilbert AZ 85234-3513	Randall McKenna North Central Texas Holding and Investments, Inc. 400 King Ranch Rd. Southlake TX 76092-2026
Randall Swift 200 N. Matteson Ave Republic MO 65738-1675	Randy Lew 4647 Sidonia Ct. Ft. Worth TX 76126-1920	Ravindra and Kum Prakash 1170 Alderbrook Lane San Jose CA 95129-2956
Raymond and Janet Smith 623 E. River Quarry Court Eagle ID 83616-6351	Rebecca Lowe 643 SW T Highway Holden MO 64040-8107	Reinhardt and Merlee Lange 136 Benedict Ave. Fairfield CT 06825-1705
Renjie Fu 405 E. 58th St. Westmont IL 60559-3368	Richard Graham 31331 S. Coast Hwy. Laguna Beach CA 92651-6989	Richard Sobel 7410 Center Bay Dr. North Bay Village FL 33141-4014
Richard and Sue Rector 5813 Wales Avenue Fort Worth TX 76133-2711	Rick Gardner 420 Aspen Street Prescott AZ 86303-4004	Rickey and Wendy Kelman 3120 E. Puget Ave. Phoenix AZ 85028-5329
Robert Mendonsa 4507 Meadow Hill McKinney TX 75070-4613	Robert Watkins 3004 Steeplechase Trail Arlington TX 76016-2317	Robert and Carole Orsillo 60 Brierwood Drive Watertown CT 06795-2016
Robert and Marianne Laska 73 Centennial Dr. Milford CT 06461-1662	Robert and Peggy Yacobi 6 Chanteraine Close Williamsburg VA 23185-8604	Rocky and Anna Howington 1 Saint Louis Lane Pleasant Hill CA 94523-1139
Roger Damron PO Box 21729 Chattanooga TN 37424-0729	Roland Lentz 1521 Vintage Hill Dr Wayne NE 68787-1236	Romalyn Trewitt 4017 Messina Drive Plano TX 75093-7038
Ron Franco Bluepack LLC P.O. Box 5287 Culver City CA 90231-5287	Ronald Barfield 700 W. Harwood, Suite A Hurst TX 76054-3391	Ronald Guichard 2937 N. Talman Ave Chicago IL 60618-7814
Ronald Oberle 30525 Fort Apache Drive Congress AZ 85332	Ronald and Cheryl Waggoner 834 Doubletree Lane Springfield MO 65810-3261	Ronald and Libbie Adams 115 Ravenhill Dr. Highlandville MO 65669-8227

Rose Marie Klein
1389 Calle de las Granvas
Livermore CA 94551-2595

Roy Williams
190 Mt. Pleasant Ave.
Stratford CT 06614-3420

Roy and Carol Ray
2000 Underwood Rd.
Aledo TX 76008-2447

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48 E. Bison Circle
Florissant CO 80816-7157

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Milford CT 06461-1929

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Oak Brook IL 60523-1533

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Sharlene Sims Horak
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Fort Worth TX 76109-2517

Sharolyn Richardson
8003 Turkey Trail
Benbrook TX 76126-6101

Shawn Miller
Kijabe, LLC
3602 Vista Chase Court
Arlington TX 76001-6963

Shirley Nolsheim
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Seminole FL 33776-2607

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Easton CT 06612-1806

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Suresh and Malini Kumar
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Burleson TX 76028-2333

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Arlington TX 76001-6963

Tapan and Anisa Daftari
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Altanta GA 30328-2744

Tarry Dahmer
2400 SW Wintercreek Ct.
Lee's Summit MO 64081-4085

Terry Scharig
Payson Petroleum
34601 E. Shore Rd.
Lone Jack MO 64070-9169

The Allan and Marcia Rastede Family
Revocable Living Trust
211 S. Grove Street
Allen, NE 68710-5145

The Radcliff Living Trust Jerry & Joan Radcliff, TTEE c/o Jerry M. Radcliff 5595 Thatch Ct. Prescott, AZ 86305-3824	Theodora Esposito 155 Rimmon Rd North Haven CT 06473-2873	Theodore Lung 1839 E 2453rd Lane Camp Point IL 62320-2129
Thomas Clayton 26770 Sale Barn Ln Belmont WI 53510-9725	Thomas Hayes 5115 N. Dysart Road, 202-217 Litchfield Park AZ 85340-3032	Thomas Hoppe 11051 Dormie Drive San Antonio FL 33576-7048
Thomas and Lois Partridge 199 CR 1747 Clifton TX 76634-3990	Timothy Carman 2215 River Ridge Rd. Arlington TX 76017-2631	Timothy Cypert 703 Jackson St. Rockwall TX 75087-2212
Timothy Moore 313 Stonebridge Dr. Rockwall TX 75087-3434	Timothy and Stacey Gibson 145 Links Lane Aledo TX 76008-6917	Todd Stephens 230 Miramar Way West Palm Beach FL 33405-4712
Todd and Melanie Gregory 600 W. Republic Road Suite A116 Springfield MO 65807-5805	Tom Hinshaw HRC Roofing 2845 Roadway Drive Columbus IN 47201-7465	Toussaint Smith 2315 Legend Woods Ct. Sugar Land TX 77479-5474
Tracy G. Ward 2313 S. Toledo Ave. Tulsa OK 74114-3622	Travis Petree 2951 Rainbow Drive Mason City IA 50401-8931	U.S. Attorney General Department of Justice Main Justice Building 10th & Constitution Ave., NW Washington, DC 20530-0001
US Trustee Office of the U.S. Trustee 110 N. College Ave. Suite 300 Tyler, TX 75702-7231	Van and Mary Butler 62 Cypress Ct. Durango CO 81301-3782	Virginia Humphrey National Financial Services, LLC 340 S. Lemon Ave. 8337 Walnut CA 91789-2706
Virginia Rhodes 7570 E. Manley Dr. Prescott Valley AZ 86314-5166	Warren and Fay Bush PO Box 80140 Keller TX 76244-2902	Wendy Yang and Li Liu Delftechpark 26, 2628 XH Delft, Netherlands
Wenzhong and Dana An 29602 N. Birch Ave. Lake Bluff IL 60044-1176	William Cozad 10401 W. Charleston Blvd., V6 Las Vegas NV 89135-8706	William Dax Symonds 3170 Westcliff Rd. West Fort Worth TX 76109-2128
William Kloster 112 Tres Vista Court Cresson TX 76035-5838	William Martin 3708 Brookfield Plano TX 75025-3780	William Ralph Westbrook 338 Park Brook Dr. Dallas TX 75218-1152

Case 7:13-cv-01407 Document 112-1 Filed 09/21/15 Entered 09/21/15 08:12:57 Desc: Exhibit 1 Page 57 of 84

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4520 Cheval Blvd.
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The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(d)Grayson County
Linebarger Goggan Blair & Sampson, LLP
c/o Laurie A. Spindler
2777 N. Stemmons Frwy
Suite 1000
Dallas, TX 75207-2328

(u)HongMei Han
Kraehenbruch 4
Dortmund 44227

(u)Judy Fulton
Seven Wells Royalty, LLC
P.O. Box 21866

(d)Christopher Moser
2001 Bryan Street, Suite 1800
Dallas, TX 75201-3070

(d)Jason R. Searcy
P. O. Box 3929
Longview, TX 75606-3929

End of Label Matrix
Mailable recipients 340
Bypassed recipients 5
Total 345

EXHIBIT A

SETTLEMENT AGREEMENT

RECITALS

WHEREAS, on November 1, 2016, suit was filed against 3 Well LP and 2014 LP in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) and asserts, *inter alia*, (i) breach of contract claims against 3 Well LP and 2014 LP to recover amounts owed under

“Maricopa Bankruptcy Case” means Bankruptcy Case No. 16-41043 styled *In re Maricopa Resources, LLC, Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“Marketing Expenses” mean the costs incurred in connection with the marketing and sale of the Subject Wells, including broker fees, legal fees and other expenses incurred in connection with preparation of marketing materials, negotiation of any potential sale, preparation of documents and pleadings and/or preparation and attendance at hearings.

“Moser Bankruptcy Cases” means the 3 Well LP Bankruptcy Case and the 2014 LP Bankruptcy Case.

“Oil” means crude oil, condensate and other liquid hydrocarbons, including liquid hydrocarbons removed by conventional mechanical field separation at the wellhead and also including the liquid products of any processing of Gas done prior to the sale of such Gas.

“Operating Agreement” means the Contract Operating Services Agreement attached here as **Exhibit 5**.

“Operating Reserve” means the sum of \$50,000 to be used by Maricopa exclusively to satisfy Subject Wells Operating Costs incurred subsequent to the Payson Operating bankruptcy petition date.

“Operator” means Traton Operating Company in its capacity as Contract Operator for Payson Operating.

“Payson Operating” means Payson Operating, LLC, Jason Searcy in his capacity of Chapter 11 trustee of Payson Operating, LLC and the Payson Operating, LLC bankruptcy estate.

“Payson Operating Bankruptcy Case” means Bankruptcy Case No. 16-41045 styled *In re Payson Operating, LLC, Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“Payson Petroleum” means Payson Petroleum, Inc., Jason Searcy in his capacity of Chapter 11 trustee of Payson Petroleum, Inc. and the Payson Petroleum, Inc. bankruptcy estate.

“Payson Petroleum Bankruptcy Case” means Bankruptcy Case No. 16-41044 styled *In re Payson Petroleum, Inc., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“Payson Petroleum, Payson Operating and Maricopa Retained Claims” has the meaning set forth in **Section 4.05**.

“Searcy Bankruptcy Cases” means the Maricopa Bankruptcy Case, the Payson Operating Bankruptcy Case and the Payson Petroleum Bankruptcy Case.

“Settlement Approval Orders” means Orders, substantially in the form attached hereto as **Exhibit 6**, granting the relief requested in the Settlement Motion which is to be filed in each of the Bankruptcy Cases.

“Settlement Motions” means the Joint Motions for Approval of Settlement and Compromise, substantially in the form attached hereto as **Exhibit 7**, which are to be filed in each of the Bankruptcy Cases.

“Settlement Transaction Documents” means the Operating Agreement, Agreed Final Judgment, the Joint Motion for Entry of Agreed Final Judgment, Settlement Approval Order, Settlement Motions, 3 Well LP Subject Claims Assignment and Participation Agreement, 2014 LP Subject Claims Assignment and Participation Agreement, and any other documents and instruments entered into in connection with this Agreement.

“Subject Wells” mean, collectively, the William #1H (API # 181-31557), the Crowe #2 (API #181-31543), and the Elaine #1 (API #181-31547) oil and gas wells and related leasehold interests.

“Subject Wells Account” means a segregated account established by Jason Searcy as Chapter 11 Trustee of Maricopa at a commercial banking institution.

“Subject Wells Assignments” means assignments in the forms attached hereto as **Exhibit 8**.

“Subject Wells Net Proceeds” means the (i) Subject Wells Net Production Proceeds, plus (ii) Subject Wells Net Sales Proceeds, minus (iii) Direct Taxes and the Operating Reserve, as determined on a cumulative basis.

“Subject Wells Net Production Proceeds” means the amount (computed on a cumulative basis) by which the gross proceeds received by Maricopa from the sale of the Subject Wells Hydrocarbons exceeds Operating Costs, and the Operating Reserve.

“Subject Wells Net Sales Proceeds” means the amount by which the gross proceeds from the sale of the Subject Wells exceeds Marketing Expenses, Subject Wells Operating Costs and valid perfected liens which are not subject to avoidance pursuant to Chapter 5 of the Bankruptcy Code, as determined by an order entered in the Bankruptcy Cases.

“Subject Wells Operating Costs” means all expenses incurred in connection with (i) insuring, operating, producing, reworking and maintaining the Subject Wells, (ii) materials, supplies, equipment and other personal property and fixtures purchased for use and actually used on, or direction in connection with the Subject Wells, (iii) gathering, treating, processing, transportation and marketing hydrocarbons produced from the Subject Wells, (iv) plugging, abandonment and remediation (including the Operating Reserve), and (v) Operator fees and expenses related to the Subject Wells.

“Suspended Revenues” mean the Subject Wells Net Production Proceeds as of the

Closing Date less the Operating Reserve.

1.02 Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein, the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document. Nothing contained in this Agreement will be construed to authorize any renewal, extension, modification, amendment or restatement of this Agreement or any agreement, instrument or document referred to herein.

1.03 References and Titles. All references in this Agreement to Exhibits, Articles, Sections, subsections and other subdivisions refer to the Exhibits, Articles, Sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only, do not constitute any part of those subdivisions and will be disregarded in construing the language contained in those subdivisions. The words “this Agreement,” “this instrument,” “herein,” “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases “this section” and “this subsection” and similar phrases refer only to the sections or subsections of this Agreement in which those phrases occur. The word “or” is not exclusive; the word “including” (in its various forms) means “including without limitation.” Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time; (b) any reference herein to any person shall be construed to include such person's successors and assigns (subject to the restrictions contained herein); (c) with respect to the determination of any time period, the word “from” means “from and including” and the word “to” means “to and including;” and (d) all dollar amounts refer to United States dollars. A reference herein to a number of “days” will be intended to refer to that number of calendar (as opposed to working) days, unless otherwise specifically provided. No provision of this Agreement or the Settlement Transaction Documents shall be interpreted or construed more strictly against any person solely because such person or its legal representative drafted such provision.

ARTICLE 2

Settlement Motions and Settlement Approval Orders

2.01 Execution Date Deliveries. On the Execution Date, each Party shall execute and deliver to the other Parties the following:

- The Settlement Motions;
- The proposed form of Settlement Approval Orders;
- The Joint Motion for Entry of Agreed Final Judgment; and

- The proposed form of Agreed Final Judgment.

2.02 Filing of Motions. Counsel for Payson Petroleum, Payson Operating and Maricopa shall cause the Settlement Motions and proposed Settlement Approval Orders to be filed in the respective Bankruptcy Cases. Counsel for Payson Petroleum, Payson Operating and Maricopa shall cause the Joint Motion for Entry of Agreed Final Judgment and proposed form of Agreed Final Judgment to be filed in the Adversary Proceeding.

2.03 Prosecution of Motions. Each Party shall cooperate with the other Parties and use their good faith best efforts to support entry by the Bankruptcy Court of (i) the Settlement Approval Orders, and (ii) the Agreed Final Judgment. The Parties stipulate that 2014 LP and 3 Well LP consent to entry of the Agreed Final Judgment is subject to Bankruptcy Court approval of the Settlement Motions.

ARTICLE 3

Closing

3.01 Time and Place. The Closing on the transactions contemplated in this Agreement shall be conducted within three (3) Business Days after entry of the Settlement Approval Orders (the "Closing Date") at the office of Snow Spence Green LLP located at 2929 Allen Parkway, Suite 2800, Houston, Texas 77019 or such later date as may be agreed upon by the Parties (the "Closing").

3.02 Delivery by Maricopa to 3 Well LP. On the Closing Date, Maricopa shall deliver to 3 Well LP the following: (a) a sum equal to 27.79% of forty-five percent (45%) of the Suspended Revenues by wire transfer to the following account.

BOK Financial
7500 College Blvd., Ste. 1450
Overland Park, KS 66210
ABA: 101015101
Account Name: Payson Petroleum 3 Well, L.P.
Account Number: 1151505797

3.03 Delivery by Maricopa to 2014 LP. On the Closing Date, Maricopa shall deliver to 2014 LP the following: (a) a sum equal to 72.21% of forty-five percent (45%) of the Suspended Revenues by wire transfer to the following account.

BOK Financial
7500 College Blvd., Ste. 1450
Overland Park, KS 66210
ABA: 101015101
Account Name: Payson Petroleum 3 Well 2014, L.P.
Account Number: 1151505775

4.05 Release by Payson Petroleum, Payson Operating and Maricopa. Effective as of the Closing Date, Payson Petroleum, Payson Operating and Maricopa (except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims as defined in this section), hereby release, waive, and discharge 2014 LP and 3 Well LP and the bankruptcy estates of 2014 LP and 3 Well LP, from and against any and all liabilities, claims, rights, debts, causes of action, suits, matters, issues, damages, costs, injuries and demands whatsoever, whether at law or in equity, whether by contract or tort, at law or under any statute, known or unknown, discovered or undiscovered, accrued or unaccrued, liquidated or non-liquidated, contingent or absolute, which Payson Petroleum, Payson Operating and/or Maricopa ever had or now has, or may hereafter have, by virtue of any action, inaction, matter, event, representation or circumstances, transactions or occurrences prior to the Closing Date. Notwithstanding the foregoing, the release provided for in this section does not extend to or include (i) allowed unsecured claims set forth in Section 4.01, and (ii) the contractual obligations of 2014 LP and 3 Well LP pursuant to this Agreement and the Settlement Transaction Documents, (iii) claims and causes of action against any general partner or limited partner of 2014 LP or 3 Well LP, (iv) the Payson/3 Well LP Partnership Related Claims (as that term is defined in the 3 Well LP Subject Claims Assignment and Participation Agreement), (v) the Payson/2014 LP Partnership Related Claims (as that term is defined in the 2014 LP Subject Claims Assignment and Participation Agreement), and (vi) all rights with respect to all of the above, including as to third parties (“Payson Petroleum, Payson Operating and Maricopa Retained Claims”).

Operation of Subject Wells

9

ARTICLE 9

Miscellaneous

9.01 Entire Agreement. This Agreement, including all exhibits attached hereto and made a part hereof, constitute the entire agreement between the Parties with respect to the transactions contemplated hereby and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to such transactions.

9.02 Survival. All representations, warranties, covenants and agreements of the Parties made in this Agreement shall survive the execution and delivery of this Agreement until such time as all of the obligations of the signatories to such document shall have lapsed in accordance with their respective terms or shall have been discharged in full.

9.03 Waiver. No waiver by a Party of any of the provisions of this Agreement (a) shall be binding unless executed in writing by such party, (b) shall be deemed or shall constitute a waiver by such party of any other provision hereof (whether or not similar), and (c) shall not constitute a continuing waiver by such party.

9.04 Further Assurances. The Parties will take such actions and execute and deliver such other documents or agreements as may be necessary or desirable for the implementation of this Agreement and the consummation of the transactions contemplated hereby.

9.05 Notices. Any notice, request, consent, approval, waiver or other communication provided or permitted to be given under this Agreement shall be in writing and shall be delivered in person or sent by U.S. mail, overnight courier, electronic mail or fax to the appropriate addresses set forth below. Any such communication shall be effective upon actual receipt; provided, however, that in the case of delivery by fax after the normal business hours of the recipient, such communication shall be effective on the next business day following the transmission of such fax. For purposes of notice, the addresses of the Parties shall be as follows:

If to Payson Petroleum, Payson Operating or Maricopa:

Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, Texas 75605
Fax: 903.757.3399
Email: jsearcy@jsearcylaw.com

of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner with respect to any Party. Upon determination of a court of competent jurisdiction that any term or other provision of this Agreement is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to affect the original intent of the Parties as closely as possible. The obligations of the Parties hereunder are severable and not joint.

9.10 Costs and Attorneys' Fees. If either Party retains an attorney in connection with any breach of this Agreement, the prevailing party is entitled to collect its reasonable costs and expenses incurred in any such suit or proceeding, including reasonable attorneys' fees.

[Signature Pages Follow]

PAYSON PETROLEUM, INC.

By: Jason R S
Jason R. Searcy, Chapter 11 Trustee

PAYSON OPERATING, LLC

By: Jason R S
Jason R. Searcy, Chapter 11 Trustee

MARICOPA RESOURCES, LLC

By: Jason R S
Jason R. Searcy, Chapter 11 Trustee

PAYSON PETROLEUM 3 WELL, L.P.

By: _____
Christopher J. Moser, Chapter 7 Trustee

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: _____
Christopher J. Moser, Chapter 7 Trustee

PAYSON PETROLEUM, INC.

By: _____
Jason R. Searcy, Chapter 11 Trustee

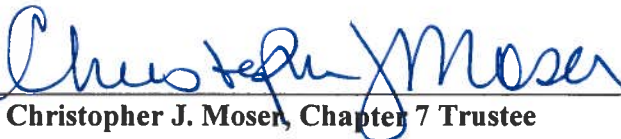
PAYSON OPERATING, LLC

By: _____
Jason R. Searcy, Chapter 11 Trustee

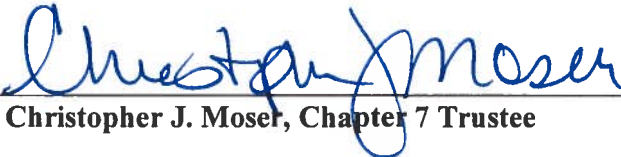
MARICOPA RESOURCES, LLC

By: _____
Jason R. Searcy, Chapter 11 Trustee

PAYSON PETROLEUM 3 WELL, L.P.

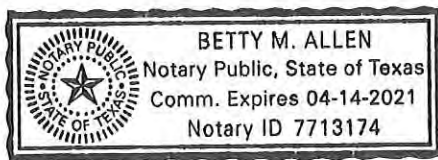
By:  _____
Christopher J. Moser, Chapter 7 Trustee

PAYSON PETROLEUM 3 WELL 2014, L.P.

By:  _____
Christopher J. Moser, Chapter 7 Trustee

STATE OF TEXAS §
§
COUNTY OF GREGG §

BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **PAYSON PETROLEUM, INC.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Betty M. Allen
Notary Public in and for State of Texas
My Commission Expires: 04-14-2021

STATE OF TEXAS §
§
COUNTY OF GREGG §

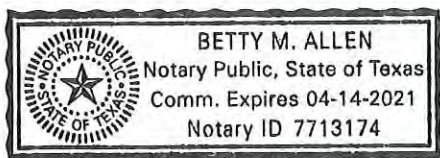
BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **PAYSON OPERATING, LLC**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Betty M. Allen
Notary Public in and for State of Texas
My Commission Expires: 04-14-2021

STATE OF TEXAS §
§
COUNTY OF GREGG §

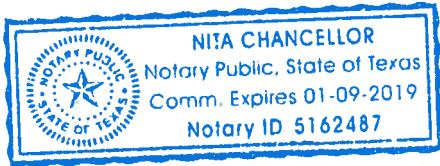
BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **MARICOPA RESOURCES, LLC**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Betty M. Allen
Notary Public in and for State of Texas
My Commission Expires: 04-14-2021

STATE OF TEXAS §
COUNTY OF Dallas §

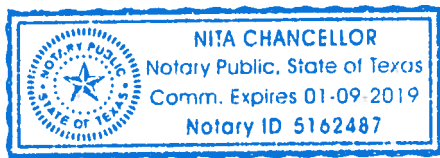
BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Christopher J. Moser, the Chapter 7 Trustee of **PAYSON PETROLEUM 3 WELL, L.P.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Nita Chancellor
Notary Public in and for State of Texas
My Commission Expires: 1-9-2019

STATE OF TEXAS §
COUNTY OF Dallas §

BEFORE ME, the undersigned authority, on this 20th day of September 2017, personally appeared Christopher J. Moser, the Chapter 7 Trustee of **PAYSON PETROLEUM 3 WELL 2014, L.P.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Nita Chancellor
Notary Public in and for State of Texas
My Commission Expires: 1-9-2019

EXHIBIT LIST

Exhibit 1	2014 LP Subject Claims Assignment and Participation Agreement
Exhibit 2	3 Well LP Subject Claims Assignment and Participation Agreement
Exhibit 3	Agreed Final Judgment
Exhibit 4	Joint Motion for Entry of Agreed Final Judgment
Exhibit 5	Contract Operating Services Agreement
Exhibit 6	Settlement Approval Order
Exhibit 7	Settlement Motions
Exhibit 8	Subject Wells Assignments

EXHIBIT 1 TO SETTLEMENT AGREEMENT

2014 LP SUBJECT CLAIMS ASSIGNMENT AND PARTICIPATION AGREEMENT

RECITALS

“2014 LP Partnership Related Claims” means all rights, claims, causes of action and

“Bankruptcy Code” means The Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, as now in effect or hereafter amended.

“Net Recovery” means the Recovery net of all expenses and fees (including Special Counsel fees) incurred in connection with investigation, prosecution and collection of the Subject Claims.

“Payson/2014 LP Partnership Related Claims” means all rights, claims and causes of action of Payson Petroleum (independent of Section 2.01 of this Agreement) against any current or former general partner or limited partner of 2014 LP.

“Payson/2014 LP Partnership Related Claims Net Recovery” means the Net Recovery for and on account of the Payson/2014 LP Partnership Related Claims.

“Payson Petroleum” means Payson Petroleum, Inc., Jason Searcy in his capacity of Chapter 11 trustee of Payson Petroleum, Inc. and the Payson Petroleum, Inc. bankruptcy estate.

“Payson Petroleum Bankruptcy Case” means Bankruptcy Case No. 16-41044 styled *In re Payson Petroleum, Inc., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“Payson Petroleum Participation Interest” means an undivided fifty percent (50%) interest.

“Recovery” means (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Parties for or on account of or in satisfaction or partial satisfaction thereof with respect to the Subject Claims.

“**Settlement Agreement**” means the Settlement Agreement entered into as of September ___, 2017 by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee for the Searcy Bankruptcy Cases, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee for the Moser Bankruptcy Cases.

“Settlement Approval Order” has the meaning defined in the Settlement Agreement.

“Special Counsel” means Snow Spence Green LLP.

“Special Counsel Engagement Agreements” means (i) the August 15, 2016 Engagement Letter Agreement by and between Snow Spence Green LLP and Jason R. Searcy, Chapter 11

Trustee of Payson Petroleum, Inc., Maricopa Resources, LLC and Payson Operating, LLC, (ii) the Engagement Letter Agreement between 2014 LP, 3 Well LP, Payson Petroleum and Snow Spence Green LLP substantially in the form of **Exhibit 1**, and (iii) the Engagement Letter Agreement between 2014 LP, Payson Petroleum and Snow Spence Green LLP in the form of **Exhibit 2**.

“Subject Claims” means all 2014 LP Avoidance Action Claims, all 2014 LP Partnership Related Claims and all Payson/2014 LP Partnership Related Claims.

1.02 **Amendment of Defined Instruments.** Unless the context otherwise requires or unless otherwise provided herein, the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document. Nothing contained in this Agreement will be construed to authorize any renewal, extension, modification, amendment or restatement of this Agreement or any agreement, instrument or document referred to herein.

1.03 **References and Titles.** All references in this Agreement to Exhibits, Articles, Sections, subsections and other subdivisions refer to the Exhibits, Articles, Sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only, do not constitute any part of those subdivisions and will be disregarded in construing the language contained in those subdivisions. The words “this Agreement,” “this instrument,” “herein,” “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases “this section” and “this subsection” and similar phrases refer only to the sections or subsections of this Agreement in which those phrases occur. The word “or” is not exclusive; the word “including” (in its various forms) means “including without limitation.” Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time; (b) any reference herein to any person shall be construed to include such person's successors and assigns (subject to the restrictions contained herein); (c) with respect to the determination of any time period, the word “from” means “from and including” and the word “to” means “to and including;” and (d) all dollar amounts refer to United States dollars. A reference herein to a number of “days” will be intended to refer to that number of calendar (as opposed to working) days, unless otherwise specifically provided. No provision of this Agreement shall be interpreted or construed more strictly against any person solely because such person or its legal representative drafted such provision.

ARTICLE 2

Assignment

2.01 **Assignment by 2014 LP of Participation Interest.** 2014 LP hereby absolutely and unconditionally sells, transfers and assigns to Payson Petroleum, the Payson Petroleum Participation Interest in (i) the 2014 LP Avoidance Action Claims Net Recovery, and (ii) the 2014

ARTICLE 5

5.02 Disbursement of Net Recoveries. Payson Petroleum is hereby assigned and shall receive the Payson Petroleum Participation Interest in all (i) 2014 LP Partnership Related Claims Net Recoveries, (ii) 2014 LP Avoidance Action Claims Net Recoveries, and (iii) Payson/2014 LP Partnership Related Claims Net Recoveries. 2014 LP is hereby assigned and shall receive the 2014 LP Participation Interest in all (x) 2014 LP Partnership Related Claims Net Recoveries, (y) 2014 LP Avoidance Action Claims Net Recoveries, and (z) Payson/2014 LP Partnership Related Claims Net Recoveries.

ARTICLE 6

6.04 Entire Agreement. This Agreement, including all exhibits attached hereto and

made a part hereof, constitute the entire agreement between the Parties with respect to the transactions contemplated hereby and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to such transactions.

6.05 Survival. All representations, warranties, covenants and agreements of the Parties made in this Agreement shall survive the execution and delivery of this Agreement until such time as all of the obligations of the signatories to such document shall have lapsed in accordance with their respective terms or shall have been discharged in full.

6.06 Waiver. No waiver by a Party of any of the provisions of this Agreement (a) shall be binding unless executed in writing by such Party, (b) shall be deemed or shall constitute a waiver by such Party of any other provision hereof (whether or not similar), and (c) shall not constitute a continuing waiver by such Party.

6.07 Further Assurances. The Parties will take such actions and execute and deliver such other documents or agreements as may be necessary or desirable for the implementation of this Agreement and the consummation of the transactions contemplated hereby.

6.08 Notices. Any notice, request, consent, approval, waiver or other communication provided or permitted to be given under this Agreement shall be in writing and shall be delivered in person or sent by U.S. mail, overnight courier, electronic mail or fax to the appropriate addresses set forth below. Any such communication shall be effective upon actual receipt; provided, however, that in the case of delivery by fax after the normal business hours of the recipient, such communication shall be effective on the next business day following the transmission of such fax. For purposes of notice, the addresses of the Parties shall be as follows:

If to Payson Petroleum:

Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, Texas 75605
Fax: 903.757.3399
Email: jsearcy@jsearcylaw.com

with a copy to:

Blake Hamm
Snow Spence Green LLP
2929 Allen Parkway, Suite 2800
Houston, TX 77019
Fax: 713.335.4848
Email: blakehamm@snowspencelaw.com

If to 2014 LP:

Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201
Fax: 214.871.2111
Email: cmoser@qslwm.com

with a copy to:

Keith W. Harvey
The Harvey Law Firm, P.C.
6510 Abrams Road, Ste. 280
Dallas, TX 75231
Fax: 972.241.3970
Email: harvey@keithharveylaw.com

Each Party shall have the right, upon giving ten (10) days' prior notice to the other party in the manner provided in this section, to change its address for purposes of notice.

6.09 Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas, notwithstanding any applicable conflict of laws provision. Any dispute regarding this Agreement shall be subject to mandatory venue in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

6.10 Multiple Counterparts. The Parties agree that facsimile and electronic signatures shall have the same force and effect as original signatures. This Agreement may be executed in counterparts and all counterparts so executed shall constitute one agreement which shall be binding on the Parties hereto.

6.11 Modification. This Agreement cannot be altered, changed or modified except in writing executed by a duly authorized representative for each of the Parties.

6.12 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner with respect to any Party. Upon determination of a court of competent jurisdiction that any term or other provision of this Agreement is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to affect the original intent of the Parties as closely as possible. The obligations of the Parties hereunder are severable and not joint.

6.13 Costs and Attorneys' Fees. If either Party retains an attorney in connection with any default or to collect, enforce, or defend this Agreement in any lawsuit, reorganization, bankruptcy or other proceeding, the prevailing party is entitled to collect its reasonable costs and expenses incurred in any such suit or proceeding, including reasonable attorneys' fees.

[Signature Pages Follow]

PAYSON PETROLEUM, INC.

By: _____
Jason R. Searcy, Chapter 11 Trustee

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: _____
Christopher J. Moser, Chapter 7 Trustee

STATE OF TEXAS §
 §
 COUNTY OF GREGG §

BEFORE ME, the undersigned authority, on this _____ day of _____ 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **PAYSON PETROLEUM, INC.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

 Notary Public in and for State of Texas
 My Commission Expires: _____

STATE OF TEXAS §
 §
 COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this _____ day of _____ 2017, personally appeared Christopher J. Moser, the Chapter 7 Trustee of **PAYSON PETROLEUM 2014, L.P.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

 Notary Public in and for State of Texas
 My Commission Expires: _____



_____, 2017

VIA EMAIL: cmoser@qslwm.com

VIA EMAIL: jsearcy@jsearcylaw.com

Mr. Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201

Mr. Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, TX 75605

Re: Proposed Engagement Agreement

Bankruptcy Case No. 17-40179; *In re Payson Petroleum 3 Well, L.P.* in the United States Bankruptcy Court, Eastern District of Texas, Sherman Division (the “Bankruptcy Case”)

Mr. Moser and Mr. Searcy:

This letter sets forth the terms of engagement of Snow Spence Green LLP (“SSG”) to analyze and pursue at the discretion of Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc. certain claims and causes of action and objections on behalf of the bankruptcy estate of Payson Petroleum 3 Well, L.P. (“3 Well LP” or “Debtor”). This agreement is entered into pursuant to the terms of a Settlement Agreement by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee, dated _____, 2017, and is subject to Bankruptcy Court approval. Upon the execution of this letter agreement, we will prepare for your review and approval a motion to employ SSG as special litigation counsel under 11 U.S.C. §§ 327(e) and 328.

Description of Engagement. The client pursuant to this Engagement Agreement is Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., acting in his capacity as a representative of the 3 Well LP bankruptcy estate (“Client”) pursuant to the terms of the Subject Claims Assignment and Participation Agreement between Payson Petroleum, Inc. and 3 Well LP. The representation by SSG pursuant to this Agreement would be limited to investigation and prosecution (to the extent determined by SSG to be cost justified) of the following:

- a. 3 Well LP’s claims and causes of action under either chapter 5 of the United States Bankruptcy Code or any applicable state fraudulent transfer (“Avoidance Actions”); and
- b. 3 Well LP’s rights, claims, causes of action, and rights of contribution against any current or former general partner or limited partner of 3 Well LP, including but not limited to claims under 11 U.S.C. § 723 (“Partnership Related Claims”); and
- c. objections to the allowance of claims asserted against Debtor as to which claims and causes of action are asserted by Client.

_____, 2017
Page 2

(collectively, the “Subject Matters”). Claims, causes of action and/or objections with respect to a specific party are referred to as a “Specific Subject Matter”. SSG’s representation of Client pursuant to this agreement will be limited to the specific matters referenced herein, and SSG is not undertaking, absent a specific engagement letter to the contrary, to represent Client in other matters or in any general counsel capacity.

SSG will be responsible for the drafting of documents, preparation of pleadings, attending court hearings and trials, participating in negotiations, performing legal research, and conducting conferences, and consultations as may be necessary to represent you with respect to each claim for which litigation is commenced.

Although SSG will endeavor to obtain results satisfactory to Client, we cannot guarantee that we will be successful. As part of this agreement, Client and Christopher J. Moser, Chapter 7 Trustee of 3 Well LP (the “3 Well LP Trustee”) acknowledge that (i) neither SSG nor any of its respective professionals have made any promises or guarantees regarding any outcome of the Subject Matters and that no guarantees or promises can be made regarding the outcome thereof; (ii) neither SSG nor any of its respective professionals have made any promises or guarantees regarding the length of time required to obtain the resolution of the Subject Matters; and (iii) either at the beginning or during the course of its representation, SSG may express its opinions or beliefs concerning the Subject Matters and the results that might be anticipated; but that any such statement(s) are intended to be an expression of opinion only, based on information available at the time, and must not be construed by Client or 3 Well LP Trustee as a promise or guarantee, as no such promises or guarantees are possible.

Client and 3 Well LP Trustee acknowledge and agree that SSG is under no obligation to represent them with respect to a Subject Matter if SSG determines, in its sole discretion, that pursuit of any particular Subject Matter is not cost justified.

To enable SSG to effectively perform the contemplated services, it is essential that Client and the 3 Well LP Trustee disclose fully and accurately all facts and keep us apprised of all developments relating to the Subject Matters. Client and the 3 Well LP Trustee agree to cooperate fully with SSG and to make themselves and their representatives available to attend meetings, conferences, hearings and other proceedings.

Legal Fees. The representation will be handled on a contingency fee basis with SSG’s fee being dependent upon recovery through settlement or trial, except in the event of discharge or withdrawal from representation as provided below. The fees to be paid to SSG will be a percentage of the “Recovery” (as defined below) realized with respect to each Specific Subject Matter. The Client and the 3 Well LP Trustee agree to pay SSG a contingent fee based upon (i) the outcome achieved with respect to each Specific Subject Matter, and (ii) the occurrence of specified benchmark events with respect to each Specific Subject Matter. The agreed upon percentages and benchmarks are set forth below:

_____, 2017
Page 3

Fees as a
Percent of
Recovery

Benchmark Event

- | | |
|-----|--|
| 33% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter prior to the earlier of (i) submission of a proposed joint pre-trial order, or (ii) submission of a position statement to an agreed upon or court appointed mediator for the Specific Subject Matter. |
| 35% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after submission of a position statement to an agreed upon or court appointed mediator for a Specific Subject Matter. |
| 40% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after the earlier of (i) conclusion of an unsuccessful mediation, or (ii) submission of a proposed joint pre-trial order. |

The Client and the 3 Well LP Trustee acknowledge that the foregoing contingency fee terms are not set by law, but are negotiable, and have been negotiated, between the Client, the 3 Well LP Trustee.

The term “Recovery” shall mean (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Client and/or the 3 Well LP Trustee as of the date of recovery, plus (iii) the value of any claim that is released or disallowed, plus (iv) the value of any potential unsecured claim based upon § 502(h) of the Bankruptcy Code that is released or disallowed. The dollar amount of each Recovery with respect to a Specific Subject Matter will be calculated before deduction of any applicable expenses of the lawsuit. For purposes of this agreement, if a proof of claim was filed by the subject creditor, the dollar amount of a the claim released or disallowed (other than any claim under § 506(h) of the Bankruptcy Code) will be determined based upon the dollar amount set forth in the proof of claim filed by the subject creditor which is released or disallowed. If a proof of claim was not filed by the subject creditor, the dollar amount released or disallowed will be determined based upon the dollar amount set forth in the Schedules and Assets and Liabilities filed in the bankruptcy cases by 3 Well LP with respect to the subject creditor which is released or disallowed. For purposes of this agreement, the value of each dollar of each pre-petition claim or administrative claim released or disallowed will be determined based on the projected percentage recovery of the applicable class of claim. For example, if the projected recovery by unsecured claim holders was 25% on the dollar, then the value of each dollar of unsecured claim released or discharged would be .25¢.

Subject to the terms of this Agreement, the Client and the 3 Well LP Trustee hereby convey, transfer, and assign to SSG an undivided interest in the Subject Matters, such interest being equal to the amount of the percentages therein described above.

Out-of-Pocket Expenses. Client and the 3 Well LP Trustee acknowledge and agree that in connection with investigation and prosecution of the Subject Matters, the services of third parties will be necessary. Such other persons and entities may include, but are not limited to, court reporters, accountants, investigators and expert witnesses. Such third party fees and expenses will be billed directly to Client. Client will be responsible for paying fees and expenses of third parties. In the event that there are insufficient funds in the estate to timely pay for the third party services, SSG will advance the amount necessary and such advances will be treated as reimbursable expenses.

_____, 2017
Page 4

Client and the 3 Well LP Trustee further acknowledge that SSG will incur various expenses in providing services to Client. Client agrees to reimburse SSG for all out-of-pocket expenses paid by SSG. Such expenses include, but are not limited to, charges for serving and filing papers, courier or messenger services, recording and certifying documents, depositions, transcripts, investigations, witnesses, long distance telephone calls, copying materials, and travel expenses. Expenses advanced by SSG would be reimbursed by Client solely out of Recoveries.

Settlements. Any settlement offer received by SSG will be immediately conveyed to Client and the 3 Well LP Trustee with our recommendation for acceptance or rejection. Any settlement offer received by Client and the 3 Well LP Trustee will be conveyed to SSG for notice purposes only.

No settlement of any nature shall be made for the Subject Matters without the approval of Client and the United States Bankruptcy Court. Client acknowledges that all communications from adverse parties or their counsel in connection with the Subject Matters are required to be directed to SSG, as counsel, pursuant to Texas Disciplinary Rule of Professional Conduct 4.02; and Client agrees to instruct all adverse parties and their counsel to communicate only through SSG, unless SSG agrees otherwise.

Conflict Matters. SSG has represented and currently represents Client on an ongoing basis with matters related to this Bankruptcy Case and other cases including, but not limited to, matters in the following bankruptcy cases: (i) *In re Payson Petroleum, Inc.* (Bankruptcy Case No. 16-41044); (ii) *In re Payson Operating, LLC* (Bankruptcy Case No. 16-41045); (iii) *In re Maricopa Resources, LLC* (Bankruptcy Case No. 16-41043); and (iv) *In re Payson Petroleum 3 Well 2014, L.P.* (Bankruptcy Case No. 17-40180). While SSG does not anticipate that its prior and/or current representation of Client will adversely affect Client's or 3 Well LP Trustee's interests in the Subject Matters, applicable rules of professional conduct require that SSG obtain Client's consent to its representation of Client with respect to the Subject Matters. Client acknowledges his express and informed consent to SSG's representation of Client with respect to the Subject Matters as well as SSG's continuing representation of Client in other matters, including related matters. 3 Well LP Trustee acknowledges that he is aware that SSG represents Client in other matters, including the above-referenced related matters, and waives any conflict relating thereto.

If a controversy arises between you and any other client of SSG, SSG, after taking into account the applicable rules of professional ethics, may decline to represent you or such other client or both you and such other client. Following the conclusion of our representation of you in this matter, SSG reserves the right to represent other future clients on unrelated matters which may be adverse to your interests.

Withdrawal/Termination of Representation. Our representation may be terminated prior to the conclusion of the Subject Matters covered under this engagement letter by written notice to the other party. SSG reserves the right to withdraw from its representation if, among other things, Client fails to honor the terms of this engagement letter or fails to cooperate or follow SSG's advice on a material matter, or if any fact or circumstance would, in SSG's view, render our continuing representation unlawful, unethical or ineffective. No such termination or withdrawal, however, will relieve Client of the obligation to pay the legal fees owed for services performed and other charges owing to SSG as set forth in this agreement.

Work Files – Retention and Disposition. SSG will maintain all documents furnished to us in our files for this matter. At the conclusion of the matter covered under this engagement letter (or earlier, if appropriate), it is Client's and the 3 Well LP Trustee's obligation to advise us as to which, if any, documents

_____, 2017
Page 5

in our files they wish SSG to return. SSG may keep copies thereof for our records to the extent we believe advisable. SSG will retain any remaining documents in our files for a period of one (1) year following conclusion of our representation in this matter. THEREAFTER, SUCH FILES MAY, AT OUR SOLE DISCRETION AND WITHOUT FURTHER NOTICE TO YOU, BE DESTROYED.

Email Communications. To the extent appropriate, SSG communicates with respective clients (and others) by means of electronic mail. The use of email has proven over time to be an effective and efficient means of exchanging both messages and documents. We are mindful of the concerns of some clients that email transmission could be compromised, and thus prohibit its use or prohibit its use in an unencrypted form. The use of encryption, however, though intended to be “seamless” in use, has caused difficulties in communication with some parties. Thus, to avoid the possibility of disruptions in the flow of information, and prompted by the near-unanimity on the part of bar associations throughout the country, as well as the American Bar Association, in support of the preservation of attorney-client privileges in unencrypted email communications, unless specifically instructed by you, we will assume your consent to use of unencrypted email as a means of communication.

Approval of Terms of Engagement. If the above and foregoing meets with your understanding, please so indicate by executing this agreement in the place provided below for your signature. A copy of this agreement should be retained for your files.

Bankruptcy Court Approval. The parties acknowledge that the Bankruptcy Court must approve this agreement.

Regards,

SNOW SPENCE GREEN LLP

By: _____
Phil F. Snow

Accepted and Agreed this _____ day of _____, 2017:

By: _____
Christopher J. Moser
Chapter 7 Trustee for Payson Petroleum 3 Well, L.P.

By: _____
Jason R. Searcy
Chapter 11 Trustee for Payson Petroleum, Inc.

EXHIBIT
2

, 2017

VIA EMAIL: jsearcy@jsearcylaw.com

Mr. Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, TX 75605

Bankruptcy Case No. 17-40180; *In re Payson Petroleum 3 Well 2014, L.P.* in the United States Bankruptcy Court, Eastern District of Texas, Sherman Division (the “Bankruptcy Case”)

This letter sets forth the terms of engagement of Snow Spence Green LLP (“SSG”) to analyze and pursue at the discretion of Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc. certain claims and causes of action and objections on behalf of the bankruptcy estate of Payson Petroleum 3 Well 2014, L.P. (“2014 LP” or “Debtor”). This agreement is entered into pursuant to the terms of a Settlement Agreement by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee, dated _____, 2017, and is subject to Bankruptcy Court approval. Upon the execution of this letter agreement, we will prepare for your review and approval a motion to employ SSG as special litigation counsel under 11 U.S.C. §§ 327(e) and 328.

Description of Engagement. The client pursuant to this Engagement Agreement is Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., acting in his capacity as a representative of the 2014 LP bankruptcy estate (“Client”) pursuant to the terms of the Subject Claims Assignment and Participation Agreement between Payson Petroleum, Inc. and 2014 LP. The representation by SSG pursuant to this Agreement would be limited to investigation and prosecution (to the extent determined by SSG to be cost justified) of the following:

- a. 2014 LP's claims and causes of action under either chapter 5 of the United States Bankruptcy Code or any applicable state fraudulent transfer ("Avoidance Actions"); and
- b. 2014 LP's rights, claims, causes of action, and rights of contribution against any current or former general partner or limited partner of 2014 LP, including but not limited to claims under 11 U.S.C. § 723 ("Partnership Related Claims"); and
- c. objections to the allowance of claims asserted against Debtor as to which claims and causes of action are asserted by Client.

_____, 2017

Page 2

(collectively, the “Subject Matters”). Claims, causes of action and/or objections with respect to a specific party are referred to as a “Specific Subject Matter”. SSG’s representation of Client pursuant to this agreement will be limited to the specific matters referenced herein, and SSG is not undertaking, absent a specific engagement letter to the contrary, to represent Client in other matters or in any general counsel capacity.

SSG will be responsible for the drafting of documents, preparation of pleadings, attending court hearings and trials, participating in negotiations, performing legal research, and conducting conferences, and consultations as may be necessary to represent you with respect to each claim for which litigation is commenced.

Although SSG will endeavor to obtain results satisfactory to Client, we cannot guarantee that we will be successful. As part of this agreement, Client and Christopher J. Moser, Chapter 7 Trustee of 2014 LP (the “2014 LP Trustee”) acknowledge that (i) neither SSG nor any of its respective professionals have made any promises or guarantees regarding any outcome of the Subject Matters and that no guarantees or promises can be made regarding the outcome thereof; (ii) neither SSG nor any of its respective professionals have made any promises or guarantees regarding the length of time required to obtain the resolution of the Subject Matters; and (iii) either at the beginning or during the course of its representation, SSG may express its opinions or beliefs concerning the Subject Matters and the results that might be anticipated; but that any such statement(s) are intended to be an expression of opinion only, based on information available at the time, and must not be construed by Client or 2014 LP Trustee as a promise or guarantee, as no such promises or guarantees are possible.

Client and 2014 LP Trustee acknowledge and agree that SSG is under no obligation to represent them with respect to a Subject Matter if SSG determines, in its sole discretion, that pursuit of any particular Subject Matter is not cost justified.

To enable SSG to effectively perform the contemplated services, it is essential that Client and the 2014 LP Trustee disclose fully and accurately all facts and keep us apprised of all developments relating to the Subject Matters. Client and the 2014 LP Trustee agree to cooperate fully with SSG and to make themselves and their representatives available to attend meetings, conferences, hearings and other proceedings.

Legal Fees. The representation will be handled on a contingency fee basis with SSG’s fee being dependent upon recovery through settlement or trial, except in the event of discharge or withdrawal from representation as provided below. The fees to be paid to SSG will be a percentage of the “Recovery” (as defined below) realized with respect to each Specific Subject Matter. The Client and the 2014 LP Trustee agree to pay SSG a contingent fee based upon (i) the outcome achieved with respect to each Specific Subject Matter, and (ii) the occurrence of specified benchmark events with respect to each Specific Subject Matter. The agreed upon percentages and benchmarks are set forth below:

_____, 2017
Page 3

Fees as a
Percent of
Recovery

Benchmark Event

- | | |
|-----|--|
| 33% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter prior to the earlier of (i) submission of a proposed joint pre-trial order, or (ii) submission of a position statement to an agreed upon or court appointed mediator for the Specific Subject Matter. |
| 35% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after submission of a position statement to an agreed upon or court appointed mediator for a Specific Subject Matter. |
| 40% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after the earlier of (i) conclusion of an unsuccessful mediation, or (ii) submission of a proposed joint pre-trial order. |

The Client and the 2014 LP Trustee acknowledge that the foregoing contingency fee terms are not set by law, but are negotiable, and have been negotiated, between the Client, the 2014 LP Trustee.

The term “Recovery” shall mean (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Client and/or the 2014 LP Trustee as of the date of recovery, plus (iii) the value of any claim that is released or disallowed, plus (iv) the value of any potential unsecured claim based upon § 502(h) of the Bankruptcy Code that is released or disallowed. The dollar amount of each Recovery with respect to a Specific Subject Matter will be calculated before deduction of any applicable expenses of the lawsuit. For purposes of this agreement, if a proof of claim was filed by the subject creditor, the dollar amount of a the claim released or disallowed (other than any claim under § 506(h) of the Bankruptcy Code) will be determined based upon the dollar amount set forth in the proof of claim filed by the subject creditor which is released or disallowed. If a proof of claim was not filed by the subject creditor, the dollar amount released or disallowed will be determined based upon the dollar amount set forth in the Schedules and Assets and Liabilities filed in the bankruptcy cases by 2014 LP with respect to the subject creditor which is released or disallowed. For purposes of this agreement, the value of each dollar of each pre-petition claim or administrative claim released or disallowed will be determined based on the projected percentage recovery of the applicable class of claim. For example, if the projected recovery by unsecured claim holders was 25% on the dollar, then the value of each dollar of unsecured claim released or discharged would be .25¢.

Subject to the terms of this Agreement, the Client and the 2014 LP Trustee hereby convey, transfer, and assign to SSG an undivided interest in the Subject Matters, such interest being equal to the amount of the percentages therein described above.

Out-of-Pocket Expenses. Client and the 2014 LP Trustee acknowledge and agree that in connection with investigation and prosecution of the Subject Matters, the services of third parties will be necessary. Such other persons and entities may include, but are not limited to, court reporters, accountants, investigators and expert witnesses. Such third party fees and expenses will be billed directly to Client. Client will be responsible for paying fees and expenses of third parties. In the event that there are insufficient funds in the estate to timely pay for the third party services, SSG will advance the amount necessary and such advances will be treated as reimbursable expenses.

_____, 2017
Page 4

Client and the 2014 LP Trustee further acknowledge that SSG will incur various expenses in providing services to Client. Client agrees to reimburse SSG for all out-of-pocket expenses paid by SSG. Such expenses include, but are not limited to, charges for serving and filing papers, courier or messenger services, recording and certifying documents, depositions, transcripts, investigations, witnesses, long distance telephone calls, copying materials, and travel expenses. Expenses advanced by SSG would be reimbursed by Client solely out of Recoveries.

Settlements. Any settlement offer received by SSG will be immediately conveyed to Client and the 2014 LP Trustee with our recommendation for acceptance or rejection. Any settlement offer received by Client and the 2014 LP Trustee will be conveyed to SSG for notice purposes only.

No settlement of any nature shall be made for the Subject Matters without the approval of Client and the United States Bankruptcy Court. Client acknowledges that all communications from adverse parties or their counsel in connection with the Subject Matters are required to be directed to SSG, as counsel, pursuant to Texas Disciplinary Rule of Professional Conduct 4.02; and Client agrees to instruct all adverse parties and their counsel to communicate only through SSG, unless SSG agrees otherwise.

Conflict Matters. SSG has represented and currently represents Client on an ongoing basis with matters related to this Bankruptcy Case and other cases including, but not limited to, matters in the following bankruptcy cases: (i) *In re Payson Petroleum, Inc.* (Bankruptcy Case No. 16-41044); (ii) *In re Payson Operating, LLC* (Bankruptcy Case No. 16-41045); (iii) *In re Maricopa Resources, LLC* (Bankruptcy Case No. 16-41043); and (iv) *In re Payson Petroleum 3 Well, L.P.* (Bankruptcy Case No. 17-40179). While SSG does not anticipate that its prior and/or current representation of Client will adversely affect Client's or 2014 LP Trustee's interests in the Subject Matters, applicable rules of professional conduct require that SSG obtain Client's consent to its representation of Client with respect to the Subject Matters. Client acknowledges his express and informed consent to SSG's representation of Client with respect to the Subject Matters as well as SSG's continuing representation of Client in other matters, including related matters. 2014 LP Trustee acknowledges that he is aware that SSG represents Client in other matters, including the above-referenced related matters, and waives any conflict relating thereto.

If a controversy arises between you and any other client of SSG, SSG, after taking into account the applicable rules of professional ethics, may decline to represent you or such other client or both you and such other client. Following the conclusion of our representation of you in this matter, SSG reserves the right to represent other future clients on unrelated matters which may be adverse to your interests.

Withdrawal/Termination of Representation. Our representation may be terminated prior to the conclusion of the Subject Matters covered under this engagement letter by written notice to the other party. SSG reserves the right to withdraw from its representation if, among other things, Client fails to honor the terms of this engagement letter or fails to cooperate or follow SSG's advice on a material matter, or if any fact or circumstance would, in SSG's view, render our continuing representation unlawful, unethical or ineffective. No such termination or withdrawal, however, will relieve Client of the obligation to pay the legal fees owed for services performed and other charges owing to SSG as set forth in this agreement.

Work Files – Retention and Disposition. SSG will maintain all documents furnished to us in our files for this matter. At the conclusion of the matter covered under this engagement letter (or earlier, if appropriate), it is Client's and the 2014 LP Trustee's obligation to advise us as to which, if any, documents in our files they wish SSG to return. SSG may keep copies thereof for our records to the extent we believe

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advisable. SSG will retain any remaining documents in our files for a period of one (1) year following conclusion of our representation in this matter. THEREAFTER, SUCH FILES MAY, AT OUR SOLE DISCRETION AND WITHOUT FURTHER NOTICE TO YOU, BE DESTROYED.

Email Communications. To the extent appropriate, SSG communicates with respective clients (and others) by means of electronic mail. The use of email has proven over time to be an effective and efficient means of exchanging both messages and documents. We are mindful of the concerns of some clients that email transmission could be compromised, and thus prohibit its use or prohibit its use in an unencrypted form. The use of encryption, however, though intended to be “seamless” in use, has caused difficulties in communication with some parties. Thus, to avoid the possibility of disruptions in the flow of information, and prompted by the near-unanimity on the part of bar associations throughout the country, as well as the American Bar Association, in support of the preservation of attorney-client privileges in unencrypted email communications, unless specifically instructed by you, we will assume your consent to use of unencrypted email as a means of communication.

Approval of Terms of Engagement. If the above and foregoing meets with your understanding, please so indicate by executing this agreement in the place provided below for your signature. A copy of this agreement should be retained for your files.

Bankruptcy Court Approval. The parties acknowledge that the Bankruptcy Court must approve this agreement.

Regards,

SNOW SPENCE GREEN LLP

By: _____
Phil F. Snow

Accepted and Agreed this _____ day of _____, 2017:

By: _____
Christopher J. Moser
Chapter 7 Trustee for Payson Petroleum 3 Well 2014, L.P.

By: _____
Jason R. Searcy
Chapter 11 Trustee for Payson Petroleum, Inc.

EXHIBIT 2 TO SETTLEMENT AGREEMENT

3 WELL LP SUBJECT CLAIMS ASSIGNMENT AND PARTICIPATION AGREEMENT

SUBJECT CLAIMS ASSIGNMENT AND PARTICIPATION AGREEMENT

(3 Well LP)

This Subject Claims Assignment and Participation Agreement (the “Agreement”) is entered into as of _____, 2017 by and between Payson Petroleum, Inc. (“Payson Petroleum”) and Payson Petroleum 3 Well, L.P. (“3 Well LP”), referred to individually herein as a “Party” and collectively as, the “Parties.”

R E C I T A L S

WHEREAS, Christopher J. Moser is the duly appointed Chapter 7 Trustee in the 3 Well LP Bankruptcy Case (defined below).

WHEREAS, Jason R. Searcy is the duly appointed Chapter 11 Trustee in the Payson Petroleum Bankruptcy Case (defined below).

WHEREAS, 3 Well LP and Payson Petroleum are parties to the Settlement Agreement (defined below) which provides for entry into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

ARTICLE 1

Definitions

1.01 **Defined Terms**. The following terms, as used in this Agreement, shall have the meanings indicated below, unless the context otherwise requires:

“3 Well LP” means Payson Petroleum 3 Well, L.P., Christopher J. Moser in his capacity of Chapter 7 trustee of Payson Petroleum 3 Well, L.P. and the Payson Petroleum 3 Well L.P. bankruptcy estate.

“3 Well LP Avoidance Action Claims” means all claims and causes of action of 3 Well LP arising under Chapter 5 of the Bankruptcy Code.

“3 Well LP Avoidance Action Claims Net Recovery” means any Net Recovery for or on account of the 3 Well LP Avoidance Action Claims.

“3 Well LP Bankruptcy Case” means Bankruptcy Case No. 17-40179 styled *In re Payson Petroleum 3 Well, L.P., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“3 Well LP Participation Interest” means an undivided fifty percent (50%) interest.

“3 Well LP Partnership Related Claims” means all rights, claims, causes of action and

rights of contribution of 3 Well LP (independent of Section 2.02 of this Agreement) against any current or former general partner or limited partner of 3 Well LP, including but not limited to claims under 11 U.S.C. § 723.

“3 Well LP Partnership Related Claims Net Recovery” means any Net Recovery for or on account of the 3 Well LP Partnership Related Claims.

“Bankruptcy Code” means The Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, as now in effect or hereafter amended.

“Net Recovery” means the Recovery net of all expenses and fees (including Special Counsel fees) incurred in connection with investigation, prosecution and collection of the Subject Claims.

“Payson/3 Well LP Partnership Related Claims” means all rights, claims and causes of action of Payson Petroleum (independent of Section 2.01 of this Agreement) against any current or former general partner or limited partner of 3 Well LP.

“Payson/3 Well LP Partnership Related Claims Net Recovery” means the Net Recovery for and on account of the Payson/3 Well LP Partnership Related Claims.

“Payson Petroleum” means Payson Petroleum, Inc., Jason Searcy in his capacity of Chapter 11 trustee of Payson Petroleum, Inc. and the Payson Petroleum, Inc. bankruptcy estate.

“Payson Petroleum Bankruptcy Case” means Bankruptcy Case No. 16-41044 styled *In re Payson Petroleum, Inc., Debtor*, pending in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

“Payson Petroleum Participation Interest” means an undivided fifty percent (50%) interest.

“Recovery” means (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Parties for or on account of or in satisfaction or partial satisfaction thereof with respect to the Subject Claims.

“Settlement Agreement” means the Settlement Agreement entered into as of August ___, 2017 by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee for the Searcy Bankruptcy Cases, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee for the Moser Bankruptcy Cases.

“Settlement Approval Order” has the meaning defined in the Settlement Agreement.

“Special Counsel” means Snow Spence Green LLP.

“Special Counsel Engagement Agreements” means (i) the August 15, 2016 Engagement

Letter Agreement by and between Snow Spence Green LLP and Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., Maricopa Resources, LLC and Payson Operating, LLC, (ii) the Engagement Letter Agreement between 2014 LP, 3 Well LP, Payson Petroleum and Snow Spence Green LLP substantially in the form of **Exhibit 1**, and (iii) the Engagement Letter Agreement between 2014 LP, Payson Petroleum and Snow Spence Green LLP in the form of **Exhibit 2**.

“Subject Claims” means all 3 Well LP Avoidance Action Claims, all 3 Well LP Partnership Related Claims and all Payson/3 Well LP Partnership Related Claims.

1.02 **Amendment of Defined Instruments**. Unless the context otherwise requires or unless otherwise provided herein, the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document. Nothing contained in this Agreement will be construed to authorize any renewal, extension, modification, amendment or restatement of this Agreement or any agreement, instrument or document referred to herein.

1.03 **References and Titles**. All references in this Agreement to Exhibits, Articles, Sections, subsections and other subdivisions refer to the Exhibits, Articles, Sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only, do not constitute any part of those subdivisions and will be disregarded in construing the language contained in those subdivisions. The words “this Agreement,” “this instrument,” “herein,” “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases “this section” and “this subsection” and similar phrases refer only to the sections or subsections of this Agreement in which those phrases occur. The word “or” is not exclusive; the word “including” (in its various forms) means “including without limitation.” Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time; (b) any reference herein to any person shall be construed to include such person’s successors and assigns (subject to the restrictions contained herein); (c) with respect to the determination of any time period, the word “from” means “from and including” and the word “to” means “to and including;” and (d) all dollar amounts refer to United States dollars. A reference herein to a number of “days” will be intended to refer to that number of calendar (as opposed to working) days, unless otherwise specifically provided. No provision of this Agreement shall be interpreted or construed more strictly against any person solely because such person or its legal representative drafted such provision.

ARTICLE 2

Assignment

2.01 **Assignment by 3 Well LP of Participation Interest**. 3 Well LP hereby absolutely and unconditionally sells, transfers and assigns to Payson Petroleum, the Payson Petroleum

Participation Interest in (i) the 3 Well LP Avoidance Action Claims Net Recovery, and (ii) the 3 Well LP Partnership Related Claims Net Recovery.

2.02 Assignment by Payson Petroleum of Participation Interest. Payson Petroleum hereby absolutely and unconditionally sells, transfers and assigns to 3 Well LP, the 3 Well LP Participation Interest in the Payson/3 Well LP Partnership Related Claims Net Recovery.

ARTICLE 3

Preservation, Prosecution and Authority

3.01 Preservation. 3 Well LP retains all 3 Well LP Avoidance Action Claims and all 3 Well LP Partnership Related Claims subject to the Payson Petroleum Participation Interest and Payson Petroleum's rights hereunder. Upon entry of the Settlement Approval Order in the 3 Well LP Bankruptcy Case and execution of this Agreement, Payson Petroleum is vested with and may enforce and prosecute (or determine to do any of the foregoing) the 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims without further order of the Bankruptcy Court. Payson Petroleum's right to commence, prosecute or settle 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims shall be preserved. No preclusion doctrine, including the doctrines of res judicata; collateral estoppel, issue preclusion, claim preclusion, estoppel shall apply to the 3 Well LP Avoidance Action Claims or 3 Well LP Partnership Related Claims by virtue of entry into this Agreement. Payson Petroleum in connection with the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims shall constitute the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims.

3.02 Standing. The Parties stipulate and agree that Payson Petroleum shall have standing to assert and prosecute on behalf of 3 Well LP all 3 Well LP Avoidance Action Claims and all 3 Well LP Partnership Related Claims.

3.03 Authority. Subject to Section 6.01, Payson Petroleum shall have exclusive authority with respect to the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3Well LP Partnership Related Claims. The exclusive authority of Payson Petroleum includes investigation, management and settlement of all litigation related to the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims.

ARTICLE 4

Special Counsel

4.01 Engagement of Counsel. Snow Spence Green LLP is engaged pursuant to the Special Counsel Engagement Agreement, dated August 15, 2016 (approved by Bankruptcy Court order dated September 19, 2016), to investigate and prosecute the Payson/3Well LP Partnership Related Claims.

ARTICLE 5

5.02 Disbursement of Net Recoveries. Payson Petroleum is hereby assigned and shall receive the Payson Petroleum Participation Interest in all (i) 3 Well LP Partnership Related Claims Net Recoveries, (ii) 3 Well LP Avoidance Action Claims Net Recoveries, and (iii) Payson/3Well LP Partnership Related Claims Net Recoveries. 3 Well LP is hereby assigned and shall receive the 3 Well LP Participation Interest in all (x) 3 Well LP Partnership Related Claims Net Recoveries, (y) 3 Well LP Avoidance Action Claims Net Recoveries, and (z) Payson/3 Well LP Partnership Related Claims Net Recoveries.

Miscellaneous

6.03 Indemnification. 3 Well LP hereby indemnifies and holds harmless Payson Petroleum and its agents, representatives, professionals and employees from and against and in respect to any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to, attorneys' fees and costs arising out of or due to its actions or omissions, or consequences of such actions or omissions, with respect to Payson Petroleum's investigation, management, prosecution or settlement of the Subject Claims; provided, however, that no such indemnification will be made to Payson Petroleum for actions or omissions resulting from willful misconduct, gross negligence or fraud.

6.04 Entire Agreement. This Agreement, including all exhibits attached hereto and made a part hereof, constitute the entire agreement between the Parties with respect to the transactions contemplated hereby and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to such transactions.

6.05 Survival. All representations, warranties, covenants and agreements of the Parties made in this Agreement shall survive the execution and delivery of this Agreement until such time as all of the obligations of the signatories to such document shall have lapsed in accordance with their respective terms or shall have been discharged in full.

6.06 Waiver. No waiver by a Party of any of the provisions of this Agreement (a) shall be binding unless executed in writing by such Party, (b) shall be deemed or shall constitute a waiver by such Party of any other provision hereof (whether or not similar), and (c) shall not constitute a continuing waiver by such Party.

6.07 Further Assurances. The Parties will take such actions and execute and deliver such other documents or agreements as may be necessary or desirable for the implementation of this Agreement and the consummation of the transactions contemplated hereby.

6.08 Notices. Any notice, request, consent, approval, waiver or other communication provided or permitted to be given under this Agreement shall be in writing and shall be delivered in person or sent by U.S. mail, overnight courier, electronic mail or fax to the appropriate addresses set forth below. Any such communication shall be effective upon actual receipt; provided, however, that in the case of delivery by fax after the normal business hours of the recipient, such communication shall be effective on the next business day following the transmission of such fax. For purposes of notice, the addresses of the Parties shall be as follows:

If to Payson Petroleum:

Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, Texas 75605
Fax: 903.757.3399
Email: jsearcy@jsearcy.com

with a copy to:

Blake Hamm
Snow Spence Green LLP
2929 Allen Parkway, Suite 2800
Houston, TX 77019
Fax: 713.335.4848
Email: blakehamm@snowspencelaw.com

If to 3 Well LP:

Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201
Fax: 214.871.2111
Email: cmoser@qslwm.com

with a copy to:

Keith W. Harvey
The Harvey Law Firm, P.C.
6510 Abrams Road, Ste. 280
Dallas, TX 75231
Fax: 972.241.3970
Email: harvey@keithharveylaw.com

Each Party shall have the right, upon giving ten (10) days' prior notice to the other party in the manner provided in this section, to change its address for purposes of notice.

6.09 Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas, notwithstanding any applicable conflict of laws provision. Any dispute regarding this Agreement shall be subject to mandatory venue in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

6.10 Multiple Counterparts. The Parties agree that facsimile and electronic signatures shall have the same force and effect as original signatures. This Agreement may be executed in counterparts and all counterparts so executed shall constitute one agreement which shall be binding on the Parties hereto.

6.11 Modification. This Agreement cannot be altered, changed or modified except in writing executed by a duly authorized representative for each of the Parties.

6.12 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner with respect to any Party. Upon determination of a court of competent jurisdiction that any term or other provision of this Agreement is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to affect the original intent of the Parties as closely as possible. The obligations of the Parties hereunder are severable and not joint.

6.13 Costs and Attorneys' Fees. If either Party retains an attorney in connection with any default or to collect, enforce, or defend this Agreement in any lawsuit, reorganization, bankruptcy or other proceeding, the prevailing party is entitled to collect its reasonable costs and expenses incurred in any such suit or proceeding, including reasonable attorneys' fees.

[Signature Pages Follow]



VIA EMAIL: jsearcy@jsearcylaw.com

Mr. Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, TX 75605

Bankruptcy Case No. 17-40179; *In re Payson Petroleum 3 Well, L.P.* in the United States Bankruptcy Court, Eastern District of Texas, Sherman Division (the “Bankruptcy Case”)

This letter sets forth the terms of engagement of Snow Spence Green LLP (“SSG”) to analyze and pursue at the discretion of Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc. certain claims and causes of action and objections on behalf of the bankruptcy estate of Payson Petroleum 3 Well, L.P. (“3 Well LP” or “Debtor”). This agreement is entered into pursuant to the terms of a Settlement Agreement by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee, dated _____, 2017, and is subject to Bankruptcy Court approval. Upon the execution of this letter agreement, we will prepare for your review and approval a motion to employ SSG as special litigation counsel under 11 U.S.C. §§ 327(e) and 328.

Description of Engagement. The client pursuant to this Engagement Agreement is Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., acting in his capacity as a representative of the 3 Well LP bankruptcy estate (“Client”) pursuant to the terms of the Subject Claims Assignment and Participation Agreement between Payson Petroleum, Inc. and 3 Well LP. The representation by SSG pursuant to this Agreement would be limited to investigation and prosecution (to the extent determined by SSG to be cost justified) of the following:

- a. 3 Well LP's claims and causes of action under either chapter 5 of the United States Bankruptcy Code or any applicable state fraudulent transfer ("Avoidance Actions"); and
- b. 3 Well LP's rights, claims, causes of action, and rights of contribution against any current or former general partner or limited partner of 3 Well LP, including but not limited to claims under 11 U.S.C. § 723 ("Partnership Related Claims"); and
- c. objections to the allowance of claims asserted against Debtor as to which claims and causes of action are asserted by Client.

_____, 2017
Page 2

(collectively, the “Subject Matters”). Claims, causes of action and/or objections with respect to a specific party are referred to as a “Specific Subject Matter”. SSG’s representation of Client pursuant to this agreement will be limited to the specific matters referenced herein, and SSG is not undertaking, absent a specific engagement letter to the contrary, to represent Client in other matters or in any general counsel capacity.

SSG will be responsible for the drafting of documents, preparation of pleadings, attending court hearings and trials, participating in negotiations, performing legal research, and conducting conferences, and consultations as may be necessary to represent you with respect to each claim for which litigation is commenced.

Although SSG will endeavor to obtain results satisfactory to Client, we cannot guarantee that we will be successful. As part of this agreement, Client and Christopher J. Moser, Chapter 7 Trustee of 3 Well LP (the “3 Well LP Trustee”) acknowledge that (i) neither SSG nor any of its respective professionals have made any promises or guarantees regarding any outcome of the Subject Matters and that no guarantees or promises can be made regarding the outcome thereof; (ii) neither SSG nor any of its respective professionals have made any promises or guarantees regarding the length of time required to obtain the resolution of the Subject Matters; and (iii) either at the beginning or during the course of its representation, SSG may express its opinions or beliefs concerning the Subject Matters and the results that might be anticipated; but that any such statement(s) are intended to be an expression of opinion only, based on information available at the time, and must not be construed by Client or 3 Well LP Trustee as a promise or guarantee, as no such promises or guarantees are possible.

Client and 3 Well LP Trustee acknowledge and agree that SSG is under no obligation to represent them with respect to a Subject Matter if SSG determines, in its sole discretion, that pursuit of any particular Subject Matter is not cost justified.

To enable SSG to effectively perform the contemplated services, it is essential that Client and the 3 Well LP Trustee disclose fully and accurately all facts and keep us apprised of all developments relating to the Subject Matters. Client and the 3 Well LP Trustee agree to cooperate fully with SSG and to make themselves and their representatives available to attend meetings, conferences, hearings and other proceedings.

Legal Fees. The representation will be handled on a contingency fee basis with SSG’s fee being dependent upon recovery through settlement or trial, except in the event of discharge or withdrawal from representation as provided below. The fees to be paid to SSG will be a percentage of the “Recovery” (as defined below) realized with respect to each Specific Subject Matter. The Client and the 3 Well LP Trustee agree to pay SSG a contingent fee based upon (i) the outcome achieved with respect to each Specific Subject Matter, and (ii) the occurrence of specified benchmark events with respect to each Specific Subject Matter. The agreed upon percentages and benchmarks are set forth below:

_____, 2017
Page 3

Fees as a
Percent of
Recovery

Benchmark Event

- | | |
|-----|--|
| 33% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter prior to the earlier of (i) submission of a proposed joint pre-trial order, or (ii) submission of a position statement to an agreed upon or court appointed mediator for the Specific Subject Matter. |
| 35% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after submission of a position statement to an agreed upon or court appointed mediator for a Specific Subject Matter. |
| 40% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after the earlier of (i) conclusion of an unsuccessful mediation, or (ii) submission of a proposed joint pre-trial order. |

The Client and the 3 Well LP Trustee acknowledge that the foregoing contingency fee terms are not set by law, but are negotiable, and have been negotiated, between the Client, the 3 Well LP Trustee.

The term “Recovery” shall mean (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Client and/or the 3 Well LP Trustee as of the date of recovery, plus (iii) the value of any claim that is released or disallowed, plus (iv) the value of any potential unsecured claim based upon § 502(h) of the Bankruptcy Code that is released or disallowed. The dollar amount of each Recovery with respect to a Specific Subject Matter will be calculated before deduction of any applicable expenses of the lawsuit. For purposes of this agreement, if a proof of claim was filed by the subject creditor, the dollar amount of a the claim released or disallowed (other than any claim under § 506(h) of the Bankruptcy Code) will be determined based upon the dollar amount set forth in the proof of claim filed by the subject creditor which is released or disallowed. If a proof of claim was not filed by the subject creditor, the dollar amount released or disallowed will be determined based upon the dollar amount set forth in the Schedules and Assets and Liabilities filed in the bankruptcy cases by 3 Well LP with respect to the subject creditor which is released or disallowed. For purposes of this agreement, the value of each dollar of each pre-petition claim or administrative claim released or disallowed will be determined based on the projected percentage recovery of the applicable class of claim. For example, if the projected recovery by unsecured claim holders was 25% on the dollar, then the value of each dollar of unsecured claim released or discharged would be .25¢.

Subject to the terms of this Agreement, the Client and the 3 Well LP Trustee hereby convey, transfer, and assign to SSG an undivided interest in the Subject Matters, such interest being equal to the amount of the percentages therein described above.

Out-of-Pocket Expenses. Client and the 3 Well LP Trustee acknowledge and agree that in connection with investigation and prosecution of the Subject Matters, the services of third parties will be necessary. Such other persons and entities may include, but are not limited to, court reporters, accountants, investigators and expert witnesses. Such third party fees and expenses will be billed directly to Client. Client will be responsible for paying fees and expenses of third parties. In the event that there are insufficient funds in the estate to timely pay for the third party services, SSG will advance the amount necessary and such advances will be treated as reimbursable expenses.

_____, 2017
Page 4

Client and the 3 Well LP Trustee further acknowledge that SSG will incur various expenses in providing services to Client. Client agrees to reimburse SSG for all out-of-pocket expenses paid by SSG. Such expenses include, but are not limited to, charges for serving and filing papers, courier or messenger services, recording and certifying documents, depositions, transcripts, investigations, witnesses, long distance telephone calls, copying materials, and travel expenses. Expenses advanced by SSG would be reimbursed by Client solely out of Recoveries.

Settlements. Any settlement offer received by SSG will be immediately conveyed to Client and the 3 Well LP Trustee with our recommendation for acceptance or rejection. Any settlement offer received by Client and the 3 Well LP Trustee will be conveyed to SSG for notice purposes only.

No settlement of any nature shall be made for the Subject Matters without the approval of Client and the United States Bankruptcy Court. Client acknowledges that all communications from adverse parties or their counsel in connection with the Subject Matters are required to be directed to SSG, as counsel, pursuant to Texas Disciplinary Rule of Professional Conduct 4.02; and Client agrees to instruct all adverse parties and their counsel to communicate only through SSG, unless SSG agrees otherwise.

Conflict Matters. SSG has represented and currently represents Client on an ongoing basis with matters related to this Bankruptcy Case and other cases including, but not limited to, matters in the following bankruptcy cases: (i) *In re Payson Petroleum, Inc.* (Bankruptcy Case No. 16-41044); (ii) *In re Payson Operating, LLC* (Bankruptcy Case No. 16-41045); (iii) *In re Maricopa Resources, LLC* (Bankruptcy Case No. 16-41043); and (iv) *In re Payson Petroleum 3 Well 2014, L.P.* (Bankruptcy Case No. 17-40180). While SSG does not anticipate that its prior and/or current representation of Client will adversely affect Client's or 3 Well LP Trustee's interests in the Subject Matters, applicable rules of professional conduct require that SSG obtain Client's consent to its representation of Client with respect to the Subject Matters. Client acknowledges his express and informed consent to SSG's representation of Client with respect to the Subject Matters as well as SSG's continuing representation of Client in other matters, including related matters. 3 Well LP Trustee acknowledges that he is aware that SSG represents Client in other matters, including the above-referenced related matters, and waives any conflict relating thereto.

If a controversy arises between you and any other client of SSG, SSG, after taking into account the applicable rules of professional ethics, may decline to represent you or such other client or both you and such other client. Following the conclusion of our representation of you in this matter, SSG reserves the right to represent other future clients on unrelated matters which may be adverse to your interests.

Withdrawal/Termination of Representation. Our representation may be terminated prior to the conclusion of the Subject Matters covered under this engagement letter by written notice to the other party. SSG reserves the right to withdraw from its representation if, among other things, Client fails to honor the terms of this engagement letter or fails to cooperate or follow SSG's advice on a material matter, or if any fact or circumstance would, in SSG's view, render our continuing representation unlawful, unethical or ineffective. No such termination or withdrawal, however, will relieve Client of the obligation to pay the legal fees owed for services performed and other charges owing to SSG as set forth in this agreement.

Work Files – Retention and Disposition. SSG will maintain all documents furnished to us in our files for this matter. At the conclusion of the matter covered under this engagement letter (or earlier, if appropriate), it is Client's and the 3 Well LP Trustee's obligation to advise us as to which, if any, documents

_____, 2017
Page 5

in our files they wish SSG to return. SSG may keep copies thereof for our records to the extent we believe advisable. SSG will retain any remaining documents in our files for a period of one (1) year following conclusion of our representation in this matter. THEREAFTER, SUCH FILES MAY, AT OUR SOLE DISCRETION AND WITHOUT FURTHER NOTICE TO YOU, BE DESTROYED.

Email Communications. To the extent appropriate, SSG communicates with respective clients (and others) by means of electronic mail. The use of email has proven over time to be an effective and efficient means of exchanging both messages and documents. We are mindful of the concerns of some clients that email transmission could be compromised, and thus prohibit its use or prohibit its use in an unencrypted form. The use of encryption, however, though intended to be “seamless” in use, has caused difficulties in communication with some parties. Thus, to avoid the possibility of disruptions in the flow of information, and prompted by the near-unanimity on the part of bar associations throughout the country, as well as the American Bar Association, in support of the preservation of attorney-client privileges in unencrypted email communications, unless specifically instructed by you, we will assume your consent to use of unencrypted email as a means of communication.

Approval of Terms of Engagement. If the above and foregoing meets with your understanding, please so indicate by executing this agreement in the place provided below for your signature. A copy of this agreement should be retained for your files.

Bankruptcy Court Approval. The parties acknowledge that the Bankruptcy Court must approve this agreement.

Regards,

SNOW SPENCE GREEN LLP

By: _____
Phil F. Snow

Accepted and Agreed this _____ day of _____, 2017:

By: _____
Christopher J. Moser
Chapter 7 Trustee for Payson Petroleum 3 Well, L.P.

By: _____
Jason R. Searcy
Chapter 11 Trustee for Payson Petroleum, Inc.



SNOW SPENCE GREEN LLP

_____, 2017

VIA EMAIL: cmoser@qslwm.com

VIA EMAIL: jsearcy@jsearcylaw.com

Mr. Christopher J. Moser
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Ste. 1800
Dallas, TX 75201

Mr. Jason R. Searcy
Searcy & Searcy, P.C.
446 Forest Square
Longview, TX 75605

Re: Proposed Engagement Agreement

Bankruptcy Case No. 17-40180; *In re Payson Petroleum 3 Well 2014, L.P.* in the United States Bankruptcy Court, Eastern District of Texas, Sherman Division (the "Bankruptcy Case")

Mr. Moser and Mr. Searcy:

This letter sets forth the terms of engagement of Snow Spence Green LLP ("SSG") to analyze and pursue at the discretion of Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc. certain claims and causes of action and objections on behalf of the bankruptcy estate of Payson Petroleum 3 Well 2014, L.P. ("2014 LP" or "Debtor"). This agreement is entered into pursuant to the terms of a Settlement Agreement by and between (a) Payson Petroleum, Inc., Payson Operating, LLC, Maricopa Resources, LLC, Jason Searcy, Chapter 11 Trustee, and (b) Payson Petroleum 3 Well, L.P., Payson Petroleum 3 Well 2014, L.P. and Christopher J. Moser, Chapter 7 Trustee, dated _____, 2017, and is subject to Bankruptcy Court approval. Upon the execution of this letter agreement, we will prepare for your review and approval a motion to employ SSG as special litigation counsel under 11 U.S.C. §§ 327(e) and 328.

Description of Engagement. The client pursuant to this Engagement Agreement is Jason R. Searcy, Chapter 11 Trustee of Payson Petroleum, Inc., acting in his capacity as a representative of the 2014 LP bankruptcy estate ("Client") pursuant to the terms of the Subject Claims Assignment and Participation Agreement between Payson Petroleum, Inc. and 2014 LP. The representation by SSG pursuant to this Agreement would be limited to investigation and prosecution (to the extent determined by SSG to be cost justified) of the following:

- a. 2014 LP's claims and causes of action under either chapter 5 of the United States Bankruptcy Code or any applicable state fraudulent transfer ("Avoidance Actions"); and
- b. 2014 LP's rights, claims, causes of action, and rights of contribution against any current or former general partner or limited partner of 2014 LP, including but not limited to claims under 11 U.S.C. § 723 ("Partnership Related Claims"); and
- c. objections to the allowance of claims asserted against Debtor as to which claims and causes of action are asserted by Client.

_____, 2017

Page 2

(collectively, the “Subject Matters”). Claims, causes of action and/or objections with respect to a specific party are referred to as a “Specific Subject Matter”. SSG’s representation of Client pursuant to this agreement will be limited to the specific matters referenced herein, and SSG is not undertaking, absent a specific engagement letter to the contrary, to represent Client in other matters or in any general counsel capacity.

SSG will be responsible for the drafting of documents, preparation of pleadings, attending court hearings and trials, participating in negotiations, performing legal research, and conducting conferences, and consultations as may be necessary to represent you with respect to each claim for which litigation is commenced.

Although SSG will endeavor to obtain results satisfactory to Client, we cannot guarantee that we will be successful. As part of this agreement, Client and Christopher J. Moser, Chapter 7 Trustee of 2014 LP (the “2014 LP Trustee”) acknowledge that (i) neither SSG nor any of its respective professionals have made any promises or guarantees regarding any outcome of the Subject Matters and that no guarantees or promises can be made regarding the outcome thereof; (ii) neither SSG nor any of its respective professionals have made any promises or guarantees regarding the length of time required to obtain the resolution of the Subject Matters; and (iii) either at the beginning or during the course of its representation, SSG may express its opinions or beliefs concerning the Subject Matters and the results that might be anticipated; but that any such statement(s) are intended to be an expression of opinion only, based on information available at the time, and must not be construed by Client or 2014 LP Trustee as a promise or guarantee, as no such promises or guarantees are possible.

Client and 2014 LP Trustee acknowledge and agree that SSG is under no obligation to represent them with respect to a Subject Matter if SSG determines, in its sole discretion, that pursuit of any particular Subject Matter is not cost justified.

To enable SSG to effectively perform the contemplated services, it is essential that Client and the 2014 LP Trustee disclose fully and accurately all facts and keep us apprised of all developments relating to the Subject Matters. Client and the 2014 LP Trustee agree to cooperate fully with SSG and to make themselves and their representatives available to attend meetings, conferences, hearings and other proceedings.

Legal Fees. The representation will be handled on a contingency fee basis with SSG’s fee being dependent upon recovery through settlement or trial, except in the event of discharge or withdrawal from representation as provided below. The fees to be paid to SSG will be a percentage of the “Recovery” (as defined below) realized with respect to each Specific Subject Matter. The Client and the 2014 LP Trustee agree to pay SSG a contingent fee based upon (i) the outcome achieved with respect to each Specific Subject Matter, and (ii) the occurrence of specified benchmark events with respect to each Specific Subject Matter. The agreed upon percentages and benchmarks are set forth below:

_____, 2017

Page 3

Fees as a
Percent of
Recovery

Benchmark Event

- | | |
|-----|--|
| 33% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter prior to the earlier of (i) submission of a proposed joint pre-trial order, or (ii) submission of a position statement to an agreed upon or court appointed mediator for the Specific Subject Matter. |
| 35% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after submission of a position statement to an agreed upon or court appointed mediator for a Specific Subject Matter. |
| 40% | Of the amount of any Recovery obtained with respect to a Specific Subject Matter after the earlier of (i) conclusion of an unsuccessful mediation, or (ii) submission of a proposed joint pre-trial order. |

The Client and the 2014 LP Trustee acknowledge that the foregoing contingency fee terms are not set by law, but are negotiable, and have been negotiated, between the Client, the 2014 LP Trustee.

The term “Recovery” shall mean (i) the amount of cash, plus (ii) the fair market value of any other property recovered by the Client and/or the 2014 LP Trustee as of the date of recovery, plus (iii) the value of any claim that is released or disallowed, plus (iv) the value of any potential unsecured claim based upon § 502(h) of the Bankruptcy Code that is released or disallowed. The dollar amount of each Recovery with respect to a Specific Subject Matter will be calculated before deduction of any applicable expenses of the lawsuit. For purposes of this agreement, if a proof of claim was filed by the subject creditor, the dollar amount of a the claim released or disallowed (other than any claim under § 506(h) of the Bankruptcy Code) will be determined based upon the dollar amount set forth in the proof of claim filed by the subject creditor which is released or disallowed. If a proof of claim was not filed by the subject creditor, the dollar amount released or disallowed will be determined based upon the dollar amount set forth in the Schedules and Assets and Liabilities filed in the bankruptcy cases by 2014 LP with respect to the subject creditor which is released or disallowed. For purposes of this agreement, the value of each dollar of each pre-petition claim or administrative claim released or disallowed will be determined based on the projected percentage recovery of the applicable class of claim. For example, if the projected recovery by unsecured claim holders was 25% on the dollar, then the value of each dollar of unsecured claim released or discharged would be .25¢.

Subject to the terms of this Agreement, the Client and the 2014 LP Trustee hereby convey, transfer, and assign to SSG an undivided interest in the Subject Matters, such interest being equal to the amount of the percentages therein described above.

Out-of-Pocket Expenses. Client and the 2014 LP Trustee acknowledge and agree that in connection with investigation and prosecution of the Subject Matters, the services of third parties will be necessary. Such other persons and entities may include, but are not limited to, court reporters, accountants, investigators and expert witnesses. Such third party fees and expenses will be billed directly to Client. Client will be responsible for paying fees and expenses of third parties. In the event that there are insufficient funds in the estate to timely pay for the third party services, SSG will advance the amount necessary and such advances will be treated as reimbursable expenses.

_____, 2017

Page 4

Client and the 2014 LP Trustee further acknowledge that SSG will incur various expenses in providing services to Client. Client agrees to reimburse SSG for all out-of-pocket expenses paid by SSG. Such expenses include, but are not limited to, charges for serving and filing papers, courier or messenger services, recording and certifying documents, depositions, transcripts, investigations, witnesses, long distance telephone calls, copying materials, and travel expenses. Expenses advanced by SSG would be reimbursed by Client solely out of Recoveries.

Settlements. Any settlement offer received by SSG will be immediately conveyed to Client and the 2014 LP Trustee with our recommendation for acceptance or rejection. Any settlement offer received by Client and the 2014 LP Trustee will be conveyed to SSG for notice purposes only.

No settlement of any nature shall be made for the Subject Matters without the approval of Client and the United States Bankruptcy Court. Client acknowledges that all communications from adverse parties or their counsel in connection with the Subject Matters are required to be directed to SSG, as counsel, pursuant to Texas Disciplinary Rule of Professional Conduct 4.02; and Client agrees to instruct all adverse parties and their counsel to communicate only through SSG, unless SSG agrees otherwise.

Conflict Matters. SSG has represented and currently represents Client on an ongoing basis with matters related to this Bankruptcy Case and other cases including, but not limited to, matters in the following bankruptcy cases: (i) *In re Payson Petroleum, Inc.* (Bankruptcy Case No. 16-41044); (ii) *In re Payson Operating, LLC* (Bankruptcy Case No. 16-41045); (iii) *In re Maricopa Resources, LLC* (Bankruptcy Case No. 16-41043); and (iv) *In re Payson Petroleum 3 Well, L.P.* (Bankruptcy Case No. 17-40179). While SSG does not anticipate that its prior and/or current representation of Client will adversely affect Client's or 2014 LP Trustee's interests in the Subject Matters, applicable rules of professional conduct require that SSG obtain Client's consent to its representation of Client with respect to the Subject Matters. Client acknowledges his express and informed consent to SSG's representation of Client with respect to the Subject Matters as well as SSG's continuing representation of Client in other matters, including related matters. 2014 LP Trustee acknowledges that he is aware that SSG represents Client in other matters, including the above-referenced related matters, and waives any conflict relating thereto.

If a controversy arises between you and any other client of SSG, SSG, after taking into account the applicable rules of professional ethics, may decline to represent you or such other client or both you and such other client. Following the conclusion of our representation of you in this matter, SSG reserves the right to represent other future clients on unrelated matters which may be adverse to your interests.

Withdrawal/Termination of Representation. Our representation may be terminated prior to the conclusion of the Subject Matters covered under this engagement letter by written notice to the other party. SSG reserves the right to withdraw from its representation if, among other things, Client fails to honor the terms of this engagement letter or fails to cooperate or follow SSG's advice on a material matter, or if any fact or circumstance would, in SSG's view, render our continuing representation unlawful, unethical or ineffective. No such termination or withdrawal, however, will relieve Client of the obligation to pay the legal fees owed for services performed and other charges owing to SSG as set forth in this agreement.

Work Files – Retention and Disposition. SSG will maintain all documents furnished to us in our files for this matter. At the conclusion of the matter covered under this engagement letter (or earlier, if appropriate), it is Client's and the 2014 LP Trustee's obligation to advise us as to which, if any, documents in our files they wish SSG to return. SSG may keep copies thereof for our records to the extent we believe

_____, 2017

Page 5

advisable. SSG will retain any remaining documents in our files for a period of one (1) year following conclusion of our representation in this matter. THEREAFTER, SUCH FILES MAY, AT OUR SOLE DISCRETION AND WITHOUT FURTHER NOTICE TO YOU, BE DESTROYED.

Email Communications. To the extent appropriate, SSG communicates with respective clients (and others) by means of electronic mail. The use of email has proven over time to be an effective and efficient means of exchanging both messages and documents. We are mindful of the concerns of some clients that email transmission could be compromised, and thus prohibit its use or prohibit its use in an unencrypted form. The use of encryption, however, though intended to be “seamless” in use, has caused difficulties in communication with some parties. Thus, to avoid the possibility of disruptions in the flow of information, and prompted by the near-unanimity on the part of bar associations throughout the country, as well as the American Bar Association, in support of the preservation of attorney-client privileges in unencrypted email communications, unless specifically instructed by you, we will assume your consent to use of unencrypted email as a means of communication.

Approval of Terms of Engagement. If the above and foregoing meets with your understanding, please so indicate by executing this agreement in the place provided below for your signature. A copy of this agreement should be retained for your files.

Bankruptcy Court Approval. The parties acknowledge that the Bankruptcy Court must approve this agreement.

Regards,

SNOW SPENCE GREEN LLP

By: _____
Phil F. Snow

Accepted and Agreed this _____ day of _____, 2017:

By: _____
Christopher J. Moser
Chapter 7 Trustee for Payson Petroleum 3 Well 2014, L.P.

By: _____
Jason R. Searcy
Chapter 11 Trustee for Payson Petroleum, Inc.

EXHIBIT 3 TO SETTLEMENT AGREEMENT

AGREED FINAL JUDGMENT

(“Payson Petroleum”) the sum of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) under that certain October 10, 2013 Subscription Turn Key Agreement between 3 Well LP and Payson Petroleum (the “3 Well LP Turnkey Agreement”);

- Payson Petroleum 3 Well 2014, L.P. (“2014 LP”) owes Payson Petroleum the sum of TWO MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) under that certain January 12, 2014 Subscription Turn Key Agreement between 2014 LP and Payson Petroleum (the “2014 LP Turnkey Agreement”);

- On or about Marcy 28, 2016, Maricopa Resources, LLC (“Maricopa”) assigned certain interests in the William #1H (API # 181-31557), the Crowe #2 (API #181-31543), and the Elaine #1 (API #181-31547) (collectively the “Subject Wells”) oil and gas wells and related leaseholds to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066 and are attached hereto as **Exhibit 1** (the “Avoidable Assignments”); and

- Maricopa made the Avoidable Assignments during the 90-day period preceding the filing of Maricopa’s bankruptcy petition, while Maricopa was not solvent, in furtherance of a fraudulent scheme which defrauded Maricopa’s creditors, and without receiving reasonably equivalent value in return from 3 Well LP or 2014 LP and, therefore, that the Avoidable Assignments may be avoided pursuant to 11 U.S.C. § 548(a)(1)(A) & (B).

It is therefore ORDERED, ADJUDGED, AND DECREED that the Motion is Granted;

It is further ORDERED, ADJUDGED, AND DECREED that the Avoidable Assignments are constructive and actual fraudulent transfers of the interests set forth therein and are hereby

SUBMITTED BY:

/s/

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC, AND MARICOPA RESOURCES, LLC

AGREED AS TO FORM AND SUBSTANCE:

/s/

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC, AND MARICOPA RESOURCES, LLC

/s/

Keith W. Harvey
State Bar No. 09180100
THE HARVEY LAW FIRM, P.C.
6510 Abrams Road Suite 280
Dallas, Texas 75231
(972) 243-3960 Phone
(972)-241-3970 Facsimile

COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE FOR PAYSON PETROLEUM 3 WELL, L.P. AND PAYSON PETROLEUM 3 WELL 2014, L.P.



70 2016 00006064

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090

Instrument Number: 2016-00006064

As

Recorded On: March 28, 2016**Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 6****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 8****Comment: ASSIGN**

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Recordings	36.00
Total Recording:	36.00

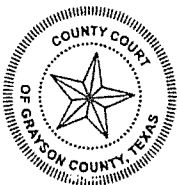
***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:**Record and Return To:**

Document Number: 2016-00006064
Receipt Number: 447187
Recorded Date/Time: March 28, 2016 12:09:45P
Book-Vol/Pg: BK-OR VL-5779 PG-389
User / Station: G WHITE - Cashiering Station 1

PAYSON PETROLEUM
2652 FM 407 E #250
BARTONVILLE TX 76226



THE STATE OF TEXAS
COUNTY OF GRAYSON
I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

Wilma Blackshear Bush

Wilma Blackshear Bush, Grayson County Clerk

WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE – Page 3

ASSIGNEE:

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: *Matthew C. Griffin*
Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

Bk Vol Pg
00006064 DR 5779 393

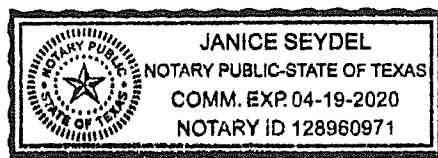
ASSIGNEE:

PAYSON PETROLEUM 3 WELL, L.P.

By: *Matthew C. Griffin*
Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

STATE OF TEXAS §
COUNTY OF DENTON §

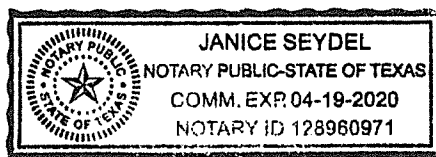
This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.



Janice Seydel
Notary in and for the State of Texas

STATE OF TEXAS §
COUNTY OF DENTON §

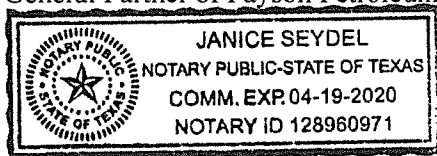
This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.



Janice Seydel
Notary in and for the State of Texas

STATE OF TEXAS §
COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.



Janice Seydel
Notary in and for the State of Texas

EXHIBIT "A" TO WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE**PROPERTY DESCRIPTION:**

1. The William #1H (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of the Section 26, BLK 1, 11, 15, 16, JM Dodgin Survey, Abstract 378, Grayson County, TX, (from the surface of the earth down to the base of the Viola Limestone defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX).
2. Whether now owned or acquired in the future, all personal property, all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities and other equipment or property of any kind acquired or used for the operation of the William # 1H Well, or used for the production or sale of oil, natural gas and other products from the well.

THE FOLLOWING DESCRIBED LEASES, ONLY INsofar AS THEY COVER AND ARE NECESSARY TO OPERATE, MAINTAIN, PRODUCE AND PLUG AND ABANDON BUT NOT DEEPEN OR SIDETRACK THE PROPERTY DESCRIBED HEREINABOVE:

EXHIBIT "A"

County	Lessor	Lessee	Volume	Page	Date
Grayson	Linda Buechner Byrne, as her separate property	TLPC Holdings, Ltd.	5411	536	11/18/2013
Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411	532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of the Estate of Barry L. Buechner, Deceased	TLPC Holdings, Ltd.	5411	540	11/18/2013
Grayson	Kennedy & Minshaw, PC	TLPC Holdings, Ltd.	5049	747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061	139	9/30/2011
Grayson	Louie A. Hattensty, Jr.	TLPC Holdings, Ltd.	5057	937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031	870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031	846	9/30/2011
Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031	854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031	862	9/30/2011
Grayson	Susan R. Greene	TLPC Holdings, Ltd.	5031	398	8/18/2011
Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031	390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034	673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034	665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036	856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031	406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031	414	9/30/2011
Grayson	SH Productions, Inc.	Maricopa Resources, LLC	5464	919	2/24/2014
Grayson	Kathy Reed	Maricopa Resources, LLC	5464	927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464	931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464	915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464	923	2/24/2014
Grayson	Endeavor Energy Resources, L.P.	OKT Resources, LLC	4981	402	2/1/2011

Grayson	Thomas W. Lett, Individually and as Trustee of the Sam Lett Testamentary Trust	OKT Resources, LLC	4418	520	2/1/2008
Grayson	Castello Enterprises, Inc.	OKT Resources, LLC	4980	156	2/1/2011
Grayson	Wilbur Lee Dean III	Matthew Avery	4296	513	4/18/2007
Grayson	Joseph Glen Dean	Matthew Avery	4296	506	4/18/2007
Grayson	Paula Marie Dean Halbach, aka Paula Marie Dean	Matthew Avery	4980	140	4/18/2007
Grayson	Landon Boyd Odle	Matthew Avery	4760	92	1/31/2007
Grayson	Douglas Kent Odle	Matthew Avery	4760	88	3/6/2007
Grayson	Gary Wayne Odle, dealing in his sole and separate property	Matthew Avery	4296	493	5/10/2007
Grayson	LaJuan Odle	Matthew Avery	4760	92	1/30/2007
Grayson	Pottsboro Church of Christ	Matthew Avery	4983	321	4/10/2011
Grayson	Vurlas Lane Wilson, a/k/a Verlas Lane Wilson and Marjorie Marie Wilson H/W	Matthew Avery	4296	469	4/27/2007
Grayson	John Robert Hooper	Paradise Springs, LLC	4993	305	2/12/2011
Grayson	Berdine Eberhart and Tom Eberhart W/H	Matthew Avery	4296	441	4/27/2007
Grayson	Terry Lee Garofalo, a married woman dealing in her sole and separate property	Matthew Avery	4980	144	1/2/2011
Grayson	Ann W. Tracy, Trustee under the Ann W. Tracy Revocable Trust dated January 8, 1991	Matthew Avery	4296	457	6/27/2007
Grayson	Ilva Wilson, Ind and as Trustee of the James M Wilson Jr and Ilva Wilson Family Trust	Matthew Avery	4297	46	6/27/2007
Grayson	Bobby C Wilson	Matthew Avery	4296	461	6/27/2007
Grayson	Peggy Ann Gehrig	Matthew Avery	4296	449	6/27/2007
Grayson	Thomas J. Wilson	Matthew Avery	4296	466	6/27/2007
Grayson	Lee Marjorie Hooper	Matthew Avery	4296	454	4/27/2007
Grayson	Berdine Eberhart and Tom Eberhart W/H	Matthew Avery	4296	441	4/27/2007
Grayson	Terry Lee Garofalo and Marty J. Garofalo, wife and husband	Matthew Avery	4296	445	4/27/2007
Grayson	Anadarko E&P Onshore, LLC	Paradise Springs, LLC	5355	704	8/28/2013
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5274	698	3/15/2013
Grayson	PCB Trust, Philip C. Brown, Trustee, and Philip Charles Brown	Paradise Springs, LLC	5274	701	3/15/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5367	400	9/10/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5002	826	8/21/2011
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5002	830	8/21/2011
Grayson	Philip C Brown, a/ka Philip Charles Brown; PCB Trust	Paradise Springs, LLC	5002	834; 838	8/21/2011

END OF EXHIBIT "A"

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090



70 2016 00006066

Instrument Number: 2016-00006066

As

Recorded On: March 28, 2016**Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 5****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 7****Comment: ASSIGN**

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Recordings	32.00
Total Recording:	32.00

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File Information:**Record and Return To:**

Document Number: 2016-00006066
Receipt Number: 447187
Recorded Date/Time: March 28, 2016 12:09:45P
Book-Vol/Pg: BK-OR VL-5779 PG-404
User / Station: G WHITE - Cashiering Station 1

PAYSON PETROLEUM
2652 FM 407 E #250
BARTONVILLE TX 76226



THE STATE OF TEXAS
COUNTY OF GRAYSON
I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

Wilma Blackshear Bush

Wilma Blackshear Bush, Grayson County Clerk

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recomplete at a measured depth not greater than 11,164', and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all

claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

6. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Well to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify, and hold Assignees harmless from and against all claims. Assignees shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

8. Transfer Taxes and Recording Fees. Assignees shall bear and pay: (i) all State or local government sales, documentation, transfer, gross proceeds, or similar taxes incident to or caused by the transfer of the Assets to Assignees; and, (ii) all filing, recording or registration fees for this Assignment.

9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23rd day of March 2016.

ASSIGNOR:

MARICOPA RESOURCES, LLC

By: 

William C. Griffin, Secretary

ASSIGNEE:

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: 

Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

ASSIGNEE:

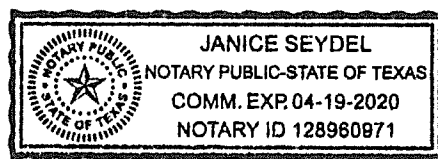
PAYSON PETROLEUM 3 WELL, L.P.

Bk Vol Pg
00006066 DR 5779 408

By: *Matthew C. Griffin*
Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

STATE OF TEXAS §
COUNTY OF DENTON §

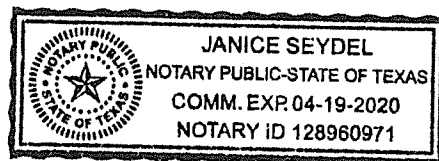
This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.



Janice Seydel
Notary in and for the State of Texas

STATE OF TEXAS §
COUNTY OF DENTON §

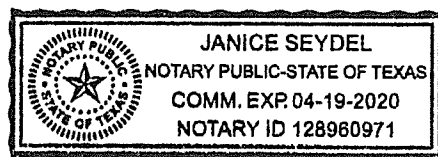
This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.



Janice Seydel
Notary in and for the State of Texas

STATE OF TEXAS §
COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.



Janice Seydel
Notary in and for the State of Texas

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090



70 2016 00006065

Instrument Number: 2016-00006065

As

Recorded On: March 28, 2016**Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 5****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 7****Comment: ASSIGN**

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PAYSON PETROLEUM

Recorded Date/Time: March 28, 2016 12:09:45P

2652 FM 407 E #250

Book-Vol/Pg: BK-OR VL-5779 PG-397

BARTONVILLE TX 76226

User / Station: G WHITE - Cashiering Station 1

THE STATE OF TEXAS
COUNTY OF GRAYSONI hereby certify that this instrument was FILED in the File Number sequence on the date/time
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Wilma Blackshear Bush, Grayson County Clerk

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recomplete at a measured depth not greater than 12,309', and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all

claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

6. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Well to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify, and hold Assignees harmless from and against all claims. Assignees shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

8. Transfer Taxes and Recording Fees. Assignees shall bear and pay: (i) all State or local government sales, documentation, transfer, gross proceeds, or similar taxes incident to or caused by the transfer of the Assets to Assignees; and, (ii) all filing, recording or registration fees for this Assignment.

9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23rd day of March 2016.

ASSIGNOR:

MARICOPA RESOURCES, LLC

By: 

William C. Griffin, Secretary

ASSIGNEE:

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: 

Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

ASSIGNEE:

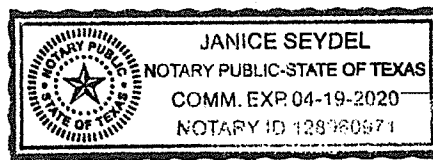
PAYSON PETROLEUM 3 WELL, L.P.

By: *Matthew C. Griffin*
 Payson Petroleum Grayson, LLC, General Partner
 Matthew C. Griffin, President

STATE OF TEXAS §

COUNTY OF DENTON §

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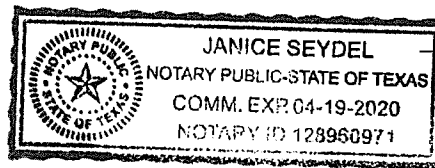


Janice Seydel
 Notary in and for the State of Texas

STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.

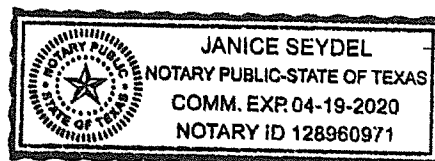


Janice Seydel
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STATE OF TEXAS §

COUNTY OF DENTON §

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Janice Seydel
 Notary in and for the State of Texas

EXHIBIT 4 TO SETTLEMENT AGREEMENT

JOINT MOTION FOR ENTRY OF AGREED FINAL JUDGMENT

1

(“Payson Petroleum”) the sum of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) under that certain October 10, 2013 Subscription Turn Key Agreement between 3 Well LP and Payson Petroleum (the “3 Well LP Turnkey Agreement”);

- Payson Petroleum 3 Well 2014, L.P. (“2014 LP”) owes Payson Petroleum the sum of TWO MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) under that certain January 12, 2014 Subscription Turn Key Agreement between 2014 LP and Payson Petroleum (the “2014 LP Turnkey Agreement”);

- On or about Marcy 28, 2016, Maricopa Resources, LLC (“Maricopa”) assigned certain interests in the William #1H (API # 181-31557), the Crowe #2 (API #181-31543), and the Elaine #1 (API #181-31547) (collectively the “Subject Wells”) oil and gas wells and related leaseholds to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066 and are attached hereto as **Exhibit 1** (the “Avoidable Assignments”); and

- Maricopa made the Avoidable Assignments during the 90-day period preceding the filing of Maricopa’s bankruptcy petition, while Maricopa was not solvent, in furtherance of a fraudulent scheme which defrauded Maricopa’s creditors, and without receiving reasonably equivalent value in return from 3 Well LP or 2014 LP and, therefore, that the Avoidable Assignments may be avoided pursuant to 11 U.S.C. § 548(a)(1)(A) & (B).

It is therefore ORDERED, ADJUDGED, AND DECREED that the Motion is Granted;

It is further ORDERED, ADJUDGED, AND DECREED that the Avoidable Assignments are constructive and actual fraudulent transfers of the interests set forth therein and are hereby

avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B);

It is further ORDERED, ADJUDGED, AND DECREED that **Final Judgment** is hereby granted in favor of:

- Payson Petroleum against 3 Well LP in the amount of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) on account of 3 Well LP's breach of the 3 Well LP Turnkey Agreement;
- Payson Petroleum against 2014 LP in the principal amount of TWO MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) on account of 2014 LP's breach of the 2014 LP Turnkey Agreement;
- Maricopa against 3 Well LP for the interests transferred to 3 Well LP via the Avoidable Assignments and/or the value thereof; and
- Maricopa against 2014 LP for the interests transferred to 2014 LP via the Avoidable Assignments and/or the value thereof.

It is further ORDERED, ADJUDGED, AND DECREED that:

- Payson Petroleum shall have an allowed unsecured claim in Bankruptcy Case No. 17-40179 in the amount of EIGHT MILLION FIVE HUNDRED FIFTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-EIGHT AND 50/100 U.S. DOLLARS (\$8,557,888.50) on account of 3 Well LP's breach of the 3 Well LP Turnkey Agreement; and
- Payson Petroleum shall have an allowed unsecured claim in Bankruptcy Case No. 17-40180 in the amount of TWO MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED AND 50/100 U.S. DOLLARS (\$2,671,900.50) on account of 2014 LP's breach of the 2014 LP Turnkey Agreement.

This is a Final Judgment. All relief not ordered herein is expressly denied.



70 2016 00006064

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090

Instrument Number: 2016-00006064

As

Recorded On: March 28, 2016

Recordings

Parties: MARICOPA RESOURCES LLC

Billable Pages: 6

To PAYSON PETROLEUM 3 WELL 2014 LP ETAL

Number of Pages: 8

Comment: ASSIGN

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

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Total Recording:	36.00

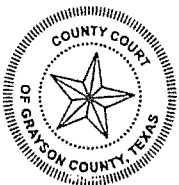
***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:**Record and Return To:**

Document Number: 2016-00006064
Receipt Number: 447187
Recorded Date/Time: March 28, 2016 12:09:45P
Book-Vol/Pg: BK-OR VL-5779 PG-389
User / Station: G WHITE - Cashiering Station 1

PAYSON PETROLEUM
2652 FM 407 E #250
BARTONVILLE TX 76226



THE STATE OF TEXAS
COUNTY OF GRAYSON
I hereby certify that this instrument was FILED in the File Number sequence on the date/time
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Wilma Blackshear Bush

Wilma Blackshear Bush, Grayson County Clerk

defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX), collectively referred to in this Assignment as the ("Well").

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recompleat at a depth not greater than the base of the Viola Limestone defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

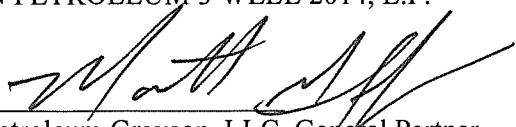
3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE – Page 3

ASSIGNEE:

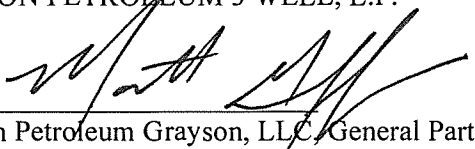
PAYSON PETROLEUM 3 WELL 2014, L.P.

By: 
Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

Bk Vol Pg
00006064 00 5779 393

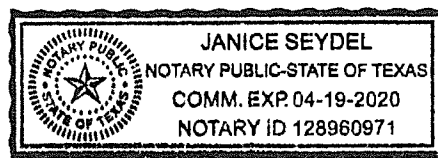
ASSIGNEE:

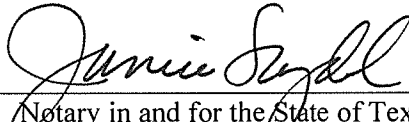
PAYSON PETROLEUM 3 WELL, L.P.

By: 
Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

STATE OF TEXAS §
COUNTY OF DENTON §

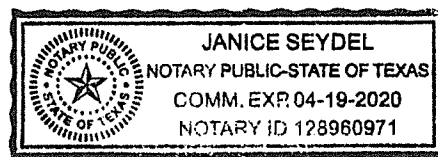
This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.

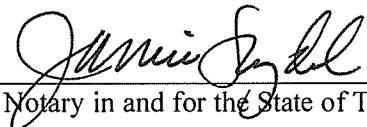



Notary in and for the State of Texas

STATE OF TEXAS §
COUNTY OF DENTON §

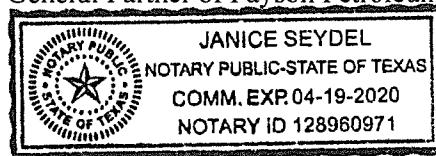
This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.




Notary in and for the State of Texas

STATE OF TEXAS §
COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.



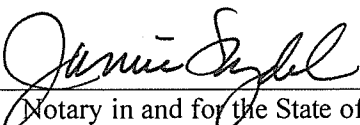

Notary in and for the State of Texas

EXHIBIT "A" TO WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE, AND RELEASE**PROPERTY DESCRIPTION:**

1. The William #1H (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of the Section 26, BLK 1, 11, 15, 16, JM Dodgin Survey, Abstract 378, Grayson County, TX, (from the surface of the earth down to the base of the Viola Limestone defined as the stratigraphic equivalent of 11,835' as found in the Brown Gas Unit No. 1 well located in the P. R. Wertz Survey, Abstract 1387, Grayson County, TX).
2. Whether now owned or acquired in the future, all personal property, all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities and other equipment or property of any kind acquired or used for the operation of the William # 1H Well, or used for the production or sale of oil, natural gas and other products from the well.

THE FOLLOWING DESCRIBED LEASES, ONLY INsofar AS THEY COVER AND ARE NECESSARY TO OPERATE, MAINTAIN, PRODUCE AND PLUG AND ABANDON BUT NOT DEEPEN OR SIDETRACK THE PROPERTY DESCRIBED HEREINABOVE:

EXHIBIT "A"

County	Lessor	Lessee	Volume	Page	Date
Grayson	Linda Buechner Byrne, as her separate property	TLPC Holdings, Ltd.	5411	536	11/18/2013
Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411	532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of the Estate of Barry L. Buechner, Deceased	TLPC Holdings, Ltd.	5411	540	11/18/2013
Grayson	Kennedy & Minshew, PC	TLPC Holdings, Ltd.	5049	747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061	139	9/30/2011
Grayson	Louie A. Hattensty, Jr.	TLPC Holdings, Ltd.	5057	937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031	870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031	846	9/30/2011
Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031	854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031	862	9/30/2011
Grayson	Susan R. Greene	TLPC Holdings, Ltd.	5031	398	8/18/2011
Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031	390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034	673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034	665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036	856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031	406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031	414	9/30/2011
Grayson	SH Productions, Inc.	Maricopa Resources, LLC	5464	919	2/24/2014
Grayson	Kathy Reed	Maricopa Resources, LLC	5464	927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464	931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464	915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464	923	2/24/2014
Grayson	Endeavor Energy Resources, L.P.	OKT Resources, LLC	4981	402	2/1/2011

Grayson	Thomas W. Lett, Individually and as Trustee of the Sam Lett Testamentary Trust	OKT Resources, LLC	4418	520	2/1/2008
Grayson	Castello Enterprises, Inc.	OKT Resources, LLC	4980	156	2/1/2011
Grayson	Wilbur Lee Dean III	Matthew Avery	4296	513	4/18/2007
Grayson	Joseph Glen Dean	Matthew Avery	4296	506	4/18/2007
Grayson	Paula Marie Dean Halbach, aka Paula Marie Dean	Matthew Avery	4980	140	4/18/2007
Grayson	Landon Boyd Odle	Matthew Avery	4760	92	1/31/2007
Grayson	Douglas Kent Odle	Matthew Avery	4760	88	3/6/2007
Grayson	Gary Wayne Odle, dealing in his sole and separate property	Matthew Avery	4296	493	5/10/2007
Grayson	LaJuan Odle	Matthew Avery	4760	92	1/30/2007
Grayson	Pottsboro Church of Christ	Matthew Avery	4983	321	4/10/2011
Grayson	Vurlas Lane Wilson, a/k/a Verlas Lane Wilson and Marjorie Marie Wilson H/W	Matthew Avery	4296	469	4/27/2007
Grayson	John Robert Hooper	Paradise Springs, LLC	4993	305	2/12/2011
Grayson	Berdine Eberhart and Tom Eberhart W/H	Matthew Avery	4296	441	4/27/2007
Grayson	Terry Lee Garofalo, a married woman dealing in her sole and separate property	Matthew Avery	4980	144	1/2/2011
Grayson	Ann W. Tracy, Trustee under the Ann W. Tracy Revocable Trust dated January 8, 1991	Matthew Avery	4296	457	6/27/2007
Grayson	Ilva Wilson, Ind and as Trustee of the James M Wilson Jr and Ilva Wilson Family Trust	Matthew Avery	4297	46	6/27/2007
Grayson	Bobby C Wilson	Matthew Avery	4296	461	6/27/2007
Grayson	Peggy Ann Gehrig	Matthew Avery	4296	449	6/27/2007
Grayson	Thomas J. Wilson	Matthew Avery	4296	466	6/27/2007
Grayson	Lee Marjorie Hooper	Matthew Avery	4296	454	4/27/2007
Grayson	Berdine Eberhart and Tom Eberhart W/H	Matthew Avery	4296	441	4/27/2007
Grayson	Terry Lee Garofalo and Marty J. Garofalo, wife and husband	Matthew Avery	4296	445	4/27/2007
Grayson	Anadarko E&P Onshore, LLC	Paradise Springs, LLC	5355	704	8/28/2013
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5274	698	3/15/2013
Grayson	PCB Trust, Philip C. Brown, Trustee, and Philip Charles Brown	Paradise Springs, LLC	5274	701	3/15/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5367	400	9/10/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5002	826	8/21/2011
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5002	830	8/21/2011
Grayson	Philip C Brown, a/ka Philip Charles Brown; PCB Trust	Paradise Springs, LLC	5002	834; 838	8/21/2011

END OF EXHIBIT "A"

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090



70 2016 00006066

Instrument Number: 2016-00006066

As

Recorded On: March 28, 2016**Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 5****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 7****Comment: ASSIGN**

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Recordings	32.00
Total Recording:	32.00

******* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:**Record and Return To:**

Document Number: 2016-00006066
Receipt Number: 447187
Recorded Date/Time: March 28, 2016 12:09:45P
Book-Vol/Pg: BK-OR VL-5779 PG-404
User / Station: G WHITE - Cashiering Station 1

PAYSON PETROLEUM
2652 FM 407 E #250
BARTONVILLE TX 76226



THE STATE OF TEXAS
COUNTY OF GRAYSON
I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

Wilma Blackshear Bush

Wilma Blackshear Bush, Grayson County Clerk

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b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recomplete at a measured depth not greater than 11,164', and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all

claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

6. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Well to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify, and hold Assignees harmless from and against all claims. Assignees shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

8. Transfer Taxes and Recording Fees. Assignees shall bear and pay: (i) all State or local government sales, documentation, transfer, gross proceeds, or similar taxes incident to or caused by the transfer of the Assets to Assignees; and, (ii) all filing, recording or registration fees for this Assignment.

9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

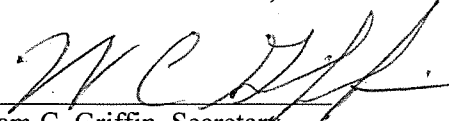
11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23rd day of March 2016.

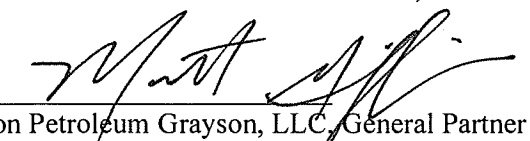
ASSIGNOR:

MARICOPA RESOURCES, LLC

By: 
William C. Griffin, Secretary

ASSIGNEE:

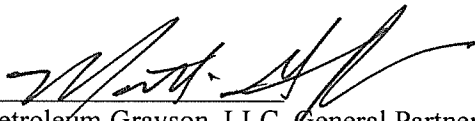
PAYSON PETROLEUM 3 WELL 2014, L.P.

By: 
Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

ASSIGNEE:

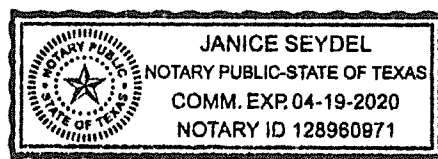
PAYSON PETROLEUM 3 WELL, L.P.

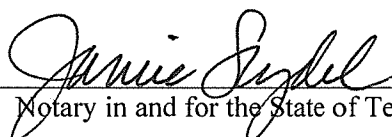
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By: 
Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

STATE OF TEXAS §
§
COUNTY OF DENTON §

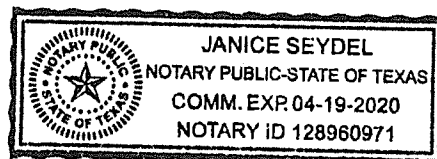
This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.

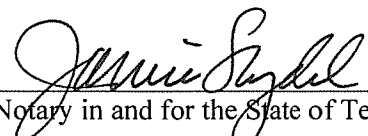



Notary in and for the State of Texas

STATE OF TEXAS §
§
COUNTY OF DENTON §

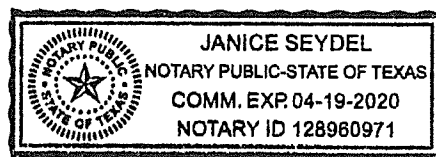
This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.

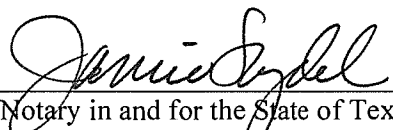



Notary in and for the State of Texas

STATE OF TEXAS §
§
COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.




Notary in and for the State of Texas

Grayson County
Wilma Bush
Grayson County Clerk
Sherman, Texas 75090



70 2016 00006065

Instrument Number: 2016-00006065

As

Recorded On: March 28, 2016**Recordings****Parties: MARICOPA RESOURCES LLC****Billable Pages: 5****To PAYSON PETROLEUM 3 WELL 2014 LP ETAL****Number of Pages: 7****Comment: ASSIGN**

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Recordings	32.00
Total Recording:	32.00

******* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:**Record and Return To:**

Document Number: 2016-00006065

Receipt Number: 447187

PAYSON PETROLEUM

Recorded Date/Time: March 28, 2016 12:09:45P

2652 FM 407 E #250

Book-Vol/Pg: BK-OR VL-5779 PG-397

BARTONVILLE TX 76226

User / Station: G WHITE - Cashiering Station 1

THE STATE OF TEXAS
COUNTY OF GRAYSONI hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Grayson County, Texas.

Wilma Blackshear Bush, Grayson County Clerk

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

**WELLBORE ASSIGNMENT, CONVEYANCE, BILL OF SALE,
AND RELEASE**

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS that the undersigned Maricopa Resources, LLC, whose address is 2652 FM 407 E #250, Bartonville, Texas, 76226 (the "Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, does hereby BARGAIN, SELL, GRANT, ASSIGN and CONVEY unto the following parties (the "Assignees") in the percentages as listed below, all of Assignor's right, title and interest in and to the well and wellbore described below, together with the rights associated with the wellbore as specifically described below (collectively the "Assets," as that term is defined below).

Payson Petroleum 3 Well 2014, L.P. an undivided 72.210840%
2652 FM 407 E #250
Bartonville, Texas 76226

Payson Petroleum 3 Well, L.P. an undivided 27.789160%
2652 FM 407 E #250
Bartonville, Texas 76226

This Wellbore Assignment, Conveyance, Bill of Sale, and Release (the "Assignment"), dated to be effective June 2, 2014 (the "Effective Date"), is subject to all instruments of record, including land owners royalty interests and reserved overriding royalty interests.

Assignor excepts from this Assignment and reserves unto itself an overriding royalty interest that is equal to the difference between the lease burdens and twenty-five percent (25%) of all oil, gas and other minerals that may be produced from the lands under the terms of the Leases, as that term is defined below.

This Assignment is further subject to that certain Declaration of Pooled Unit – Elaine #1, dated to be effective June 1, 2014, by Maricopa Resources LLC, and recorded in Volume 5530, Page 781, of the Official Public Records of Grayson County, Texas.

Assignor does not assign to Assignees any of its interest in and to the Excluded Assets, as that term is defined below.

To accomplish the foregoing, Assignor and Assignees agree as follows:

ASSIGNMENT AND AGREEMENT

For valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor sells, assigns, transfers, delivers, and conveys to Assignees the following, all of which are collectively called the ("Assets"):

a. The Elaine #1 (API #181-31547) and associated wellbore, with a surface location situated at latitude 33° 44' 55" – north, longitude 96° 41' 02" – west, in Section 26, BLK 1, 11, 15, 16, the East half of the J.C. Wade Survey, Abstract 1382, Grayson County, TX, (from the surface of the earth down to the measured depth of 12,309'), collectively referred to in this Assignment as the ("Well").

b. The rights in and to the oil and gas leases described in Exhibit "A," insofar and only insofar as the leases cover the Well, (the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Well.

c. All personal property and fixtures associated with the Well, including without limitation the following: all tubing, casing, and other equipment in the wellbore, wellhead equipment, gathering lines, and surface production facilities.

d. All existing and effective contracts, agreements, and instruments, insofar as they relate to the properties and interests described in Paragraphs (a) through (c), all of which are identified in Exhibit "B" to this Agreement.

e. All files and records relating to the items described in Paragraphs (a) through (d) maintained by Assignor and relating to the interests described in Paragraphs (a) through (d), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignees, and Assignees' heirs, successors and assigns, forever.

Assignees and Assignor further agree as follows:

1. Excluded Assets. The Assets do not include, and Assignor does not intend to assign or Assignees to receive any interest in the following, all of which are collectively called the ("Excluded Assets"): all lands, minerals, oil and gas leases and lands pooled with them, units, working interests, executory interests, reversionary interests, net profits interests, net revenue interests, term interests, royalty and overriding royalty interests, fee interests, surface interests, and any other interests of a similar nature, all contracts, agreements, licenses, and servitudes, all salt water or other disposal rights, all easements, leases, surface use, and right-of-way agreements, all pipelines and flow lines, all other property and equipment not directly used in connection with the operation and production of the Well, and any and all rights not expressly conveyed as part of the Assets.

2. Operations. Assignees agree that they shall only have the right to operate, produce, maintain, repair, recompleat at a measured depth not greater than 12,309', and plug and abandon the Well. Assignees shall not have the right to deepen, sidetrack, or replace the Well.

3. Real property warranty. Assignor warrants title to the assets from and against all persons claiming by, through and under assignor, but not otherwise, and except for that warranty, this assignment is made without warranty of any kind, express, implied or statutory.

4. Assignees' Assumption of Liabilities and Obligations. Assignees specifically assume and agree to pay, perform, fulfill, and discharge all obligations, liabilities, costs, damages, and claims after the Effective Date related directly or indirectly to the following: (i) leasehold obligations related to the Well and the Leases, including the accounting and payment of all shut-in royalties, royalties, overriding royalties and other leasehold burdens and all ad valorem and other taxes attributable to or arising from ownership or operation of the Assets; (ii) all post-drilling and completion claims, costs, expenses, liabilities, and obligations accruing or relating to the owning, operating and/or maintaining of the Assets; (iii) all obligations arising under agreements covering or relating to the Assets; (iv) all obligations and liability attributable to or resulting from pollution or contamination of soil, groundwater, or air, and any other contamination of or adverse effect on the environment; (v) the noncompliance with applicable land use, permitting, surface disturbance, licensing, or notification requirements; and, (vi) violation of any federal, state, or local environmental laws, rules or regulations, all referred to as the "Assumed Liabilities and Obligations". The Assumed Liabilities and Obligations include, without limitation: (a) all future plugging, abandonment, removal, disposal, and restoration obligations associated with the Well and equipment associated with the Well; (b) the necessary and proper capping and burying of all associated flowlines located on the Lease; (c) all necessary disposal of naturally occurring radioactive material (NORM); and, (d) removal of any structures and equipment associated with the Well.

5. Indemnification. Subject to prior agreements between Assignor and/or its affiliates and Assignees related to the drilling and completion of the Well, Assignees agree to indemnify, hold harmless and defend Assignor from all

claims, demands, losses, damages, punitive damages, costs, expenses, causes of action, or judgments of any kind or character with respect to the Assumed Liabilities and Obligations.

6. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Well to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify, and hold Assignees harmless from and against all claims. Assignees shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

7. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties, and other expenses incurred in connection with the defense of claims shall be included in Assignees' and Assignor's indemnities. All indemnities of Assignees shall extend to and cover the parent, subsidiary, and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

8. Transfer Taxes and Recording Fees. Assignees shall bear and pay: (i) all State or local government sales, documentation, transfer, gross proceeds, or similar taxes incident to or caused by the transfer of the Assets to Assignees; and, (ii) all filing, recording or registration fees for this Assignment.

9. Government Assignment Forms. Assignor and Assignees may execute separate governmental form assignments of the Assets in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers, and privileges set forth in this Assignment as fully as though they were set forth in each assignment. The assets and interests conveyed by those separate assignments are the same, and not in addition to, the Assets conveyed in this Assignment.

10. No Third Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify, or limit the rights of Assignor or Assignees, as between themselves.

11. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations, and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignees, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignees as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

EXECUTED on this 23rd day of March 2016.

ASSIGNOR:

MARICOPA RESOURCES, LLC

By: 

William C. Griffin, Secretary

ASSIGNEE:

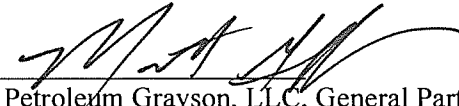
PAYSON PETROLEUM 3 WELL 2014, L.P.

By: 

Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

ASSIGNEE:

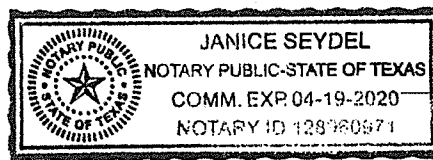
PAYSON PETROLEUM 3 WELL, L.P.

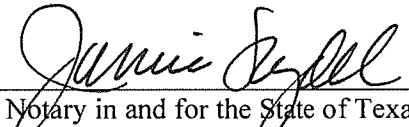
By: 
Payson Petroleum Grayson, LLC, General Partner
Matthew C. Griffin, President

STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by William C. Griffin, Secretary of Maricopa Resources, LLC.

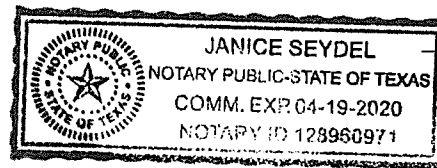


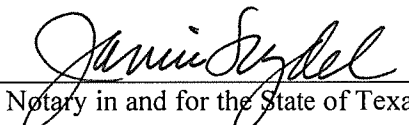

Notary in and for the State of Texas

STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well 2014, L.P.

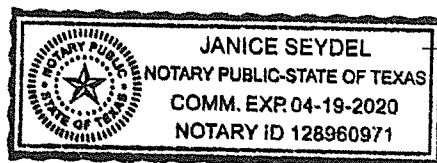



Notary in and for the State of Texas

STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on March 23rd, 2016 by Matthew C. Griffin, President of Payson Petroleum Grayson, LLC, General Partner of Payson Petroleum 3 Well, L.P.



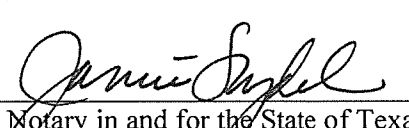

Notary in and for the State of Texas

EXHIBIT 5 TO SETTLEMENT AGREEMENT

CONTRACT OPERATING SERVICES AGREEMENT

CONTRACT OPERATING SERVICES AGREEMENT

This Contract Operating Services Agreement (this "**Agreement**") made and entered into this ____ day of July, 2016 by and between Traton Operating Company. (hereinafter "**Contractor**"), and Payson Operating, LLC, (hereinafter "**Owner**"). Owner and Contractor are referred to collectively as the "**Parties**" and individually as a "**Party**".

WITNESSETH:

WHEREAS, Owner owns undivided working interests in the oil and gas leases (the "**Leases**") located in the counties and states as described in or covered by the Subject JOAs, as defined below, and as same may be amended from time to time (the land described in such Leases is referred to herein as the "**Contract Area**");

WHEREAS, Owner desires to retain the services of Contractor to act as a contract operator for the Leases; and

WHEREAS, Contractor has the capability to and desires to render such services on behalf of Owner.

WHEREAS, Contractor will perform the services as required by the Owner (of which Payson Operating, LLC is the operator of record at the Texas RRC) under certain joint operating agreements covering the Leases in the Contract Area more particularly described on *Exhibit A*, as same may be amended from time to time (the "**Subject JOAs**");

NOW, THEREFORE, based upon the mutual covenants and considerations contained herein, the sufficiency of which is hereby acknowledged, Contractor and Owner agree as follows:

ARTICLE I

DESIGNATION AND RESPONSIBILITIES OF CONTRACTOR

1.1 Subject to the terms of this Agreement, Contractor shall conduct and direct all operations on the Leases as permitted and required by and within the limits of this Agreement (the "**Services**"). Contractor shall perform all services with due diligence and dispatch in accordance with the standards for the Operator under the Subject JOAs and generally accepted oil field practice, conforming to all applicable laws, rules, orders and regulations of any competent governmental body, which are now or may become applicable to the operations contemplated by this Agreement. Owner agrees to assist Contractor by providing Contractor with authorizations necessary for the proper performance of its services. Contractor shall use all possible care and diligence to ensure that the Services rendered pursuant to this Agreement are performed:

- 1) reasonably and prudently;
- 2) in a skillful and workmanlike manner;

- 3) in full compliance with all applicable local, municipal, county, state and federal laws and regulations.

Contractor shall perform all work and labor appropriate or necessary for setting, installing, handling, caring for, and maintaining all materials, equipment, and supplies furnished by Owner in connection with the Services.

1.2 Subject to the terms of this Agreement, Contractor shall manage, develop and supervise the Contract Area. Pursuant to such obligations and as required by Owner and as applicable, Contractor shall:

- (a) Supervise contract or Contractor's pumpers, whose services will include but will not be limited to gauging tanks, recording well pressure, preparing gauge reports, treating oil, making minor repairs, and reporting unusual or abnormal occurrences.
- (b) Review well performance and prepare for Owner monthly reports that summarize production in Contractor's standard form on a per well basis for each of the Subject JOAs. Contractor shall also note and evaluate any abnormal changes in production.
- (c) Prepare and furnish to any duly constituted authority having jurisdiction over the Leases any and all reports, statements and information that may be required.
- (d) Use its best efforts to establish and maintain complete and accurate well files containing information on operations performed in connection with each well.
- (e) Review and approve all invoices and charges for all expenses incurred and credits received.
- (f) Keep accurate books of account showing all items of cost or expense incurred in connection with the Leases, and Contract Area with respect to each of the Subject JOAs, and make and pay all charges in accordance with the provisions of this Agreement.
- (g) Prepare and render billings to the Owner and non-operators with respect to each of the Subject JOAs for approved expenses and charges for services as Contractor as agreed herein.

1.3 Upon Owner's request, Contractor shall perform the following services in connection with general requests from partners or as otherwise instructed by the Trustee, completing, working-over, or drilling any well in the Contract Area, or reworking, deepening, or plugging back a dry hole:

- (a) Conduct field inspection and inventory equipment

(b) Locate and contract, on Owner's behalf, contract pumpers or gages for the Contract Area

(c) Supervise all routine well service operations and repair and maintenance operations, including onsite supervision of the installation or removal of well equipment, pumping of any treating fluid or substance into a well, and other onsite operations performed under contract by third party or with leased equipment.

(d) Supervise all drilling and completion operations, workover operations, recompletion operations, and any type of remedial operation, whether or not it would ordinarily be considered a normal well-service operation. This includes contracting with supervisory personnel for onsite supervision as required and maintaining overall supervision of such personnel through day-to-day contact.

(e) Prepare operating and drilling procedures.

(f) Prepare operating cost estimates and circulate Authorizations for Expenditures for Owner's approval.

(g) Obtain all necessary drilling permits and file all necessary and appropriate reports required prior to, during or after completion of operations.

(h) Conduct overall supervision of drilling supervisor(s) through daily monitoring of drilling, deepening, recompletion or other critical operations.

(i) Prepare AFEs and procedures and conduct overall supervision through daily monitoring of field personnel, of plugging and abandonment operations of any wells located in the Contract Area in compliance with all federal, state and local regulations and orders.

(j) Provide emergency response assistance with respect to any accident, spill, upset or similar occurrence requiring immediate action to protect the health, safety and mechanical and environmental integrity of the Contract Area and equipment located thereon.

(k) Assist Owner in responding to requests from interested parties or the Trustee including but not limited to any efforts to market its interest in the Contract Area, including making its records available and making knowledgeable personnel available to accompany potential buyers and respond to questions as they inspect and tour the properties.

(l) Maintain land and lease documents.

(m) Market Production.

(n) Perform any work falling under Contractor's expertise as directed by Owner.

(o) Unless otherwise agreed by Contractor, all contracts with third parties (excluding contracts with drilling supervisor(s) for onsite supervision), shall be in the name of Owner under master service contracts in form approved by Owner and similar in form and substance to the Master Service Agreement that has previously been established by Owner. Contractor shall have no liability with respect to third-party contracts. Provided, however, Contractor shall initiate no remedial work, repairs, replacement of equipment, etc. with an estimated total cost exceeding \$25,000.00 without the prior written approval of Owner.

1.4 All personnel involved in the day-to-day lease operations shall be under the supervision of the Contractor. The selection, hiring, dismissal and work schedule of such contractors and employees of Contractor shall be determined by Contractor.

1.5 Owner shall have access at all reasonable times to the Leases, to all information pertaining to wells drilled, production secured, and oil and gas marketed, and to the books, records, and vouchers relating to the operation of the Leases. Contractor shall, upon Owner's request, furnish Owner with weekly gauge and run tickets. Notwithstanding anything to the contrary herein, all information referenced in this Section 1.6 shall be the property of Owner.

1.6 Owner will grant Contractor access to an account for revenues, operating costs, fees and expenses for each Contract Area under each of the Subject JOAs (the "*Operating Account*"). Prior to the fifteenth (15th) day of each month, Contractor will prepare and deliver to Owner an operating statement for each of the Subject JOAs (the "*Property Operating Statement*"), which Property Operating Statement shall include (a) Contractor's estimate of production volumes; (b) actual revenues received in the prior month; (c) all costs, expenses and charges billed by third parties to Contractor in the prior month, including, without limitation, all sums due under the Leases and other liquidated monetary obligations; and (d) expenditures and fees recorded by Contractor in form satisfactory to Owner. Promptly after delivery of the Property Operating Statement, Contractor shall transfer sufficient funds from the revenue account into the operating account necessary to cover operating costs, fees (including Contractor fees) and expenses set forth on the Property Operating Statement. Contractor shall have the right to withdraw funds from the Operating Account to pay for the services hereunder. The parties hereto acknowledge and agree that from time to time the funds in the Operating Account may be insufficient to cover the operating expenses for such month, in which case Contractor shall immediately notify Owner of the projected shortfall and any interim payments into the account to cover such shortfall will be evaluated by Owner and paid on a case-by-case basis. In no event shall Contractor be required to advance funds on behalf of Owner to conduct the operations or proceed with any operations, unless there are available funds in the account to cover the cost of such operations or Owner has contracted directly for such services.

1.7 At all reasonable times and upon thirty (30) days prior written notice, Contractor shall permit employees and agents of Owner to have access to its offices and work locations to examine, reproduce and retain copies of such documentation and data and to interview Contractor's personnel in connection therewith, as necessary for Owner to verify and monitor (i) the accuracy and propriety of Service fees and reimbursable expenses pursuant to this Agreement, and (ii) Contractor's compliance with the terms of this Agreement. Where Services hereunder, are billed under fixed rates, Owner's auditors shall have sufficient access to those

rates to satisfy themselves that the Services have not also been separately billed on some other basis (e.g., a reimbursable basis). The provisions of this Section 1.7 shall be applicable during the term of this Agreement and for a period of one (1) year thereafter. Any costs associated with Owner's audit requirements or procedures shall be solely for Owner's account. If errors or deficiencies are identified by an audit or otherwise, both Parties shall take prompt corrective action thereof.

ARTICLE II COMPENSATION OF CONTRACTOR

2.1 During the term of this Agreement, Contractor shall be compensated:

(a) For Services completed under Section 1.2, in accordance with the overhead rate structure set forth on Exhibit B hereto.

(b) For Services completed under Section 1.3, in accordance with the hourly rate structure set forth on Exhibit C hereto.

2.2 The above compensation shall not include any direct costs and third-party costs that are proper charges to the Contractor Account that are incurred by the Contractor in connection with services rendered hereunder. Owner shall reimburse Contractor for any third-party charges incurred by Contractor in accordance with this Agreement within thirty (30) business days of delivery of invoice.

ARTICLE III RESPONSIBILITIES OF OWNER

3.1 Owner shall be the operator of record with respect to the Leases under each of the Subject JOAs.

3.2 Owner shall be duly authorized under all laws, rules, orders and regulations of any competent governmental body, which are now or may become applicable to the operations contemplated by this Agreement and shall obtain and maintain all necessary permits, bonds and sureties as may be required thereunder.

ARTICLE IV HEALTH AND SAFETY OBLIGATIONS

BY EXECUTING THIS AGREEMENT, CONTRACTOR REPRESENTS AND WARRANTS THAT IT IS QUALIFIED TO DO BUSINESS IN EACH OF THE JURISDICTIONS WITHIN THE CONTRACT AREA. CONTRACTOR FURTHER REPRESENTS AND WARRANTS THAT ITS EMPLOYEES ARE QUALIFIED AND COMPETENT AND THAT CONTRACTOR IS, AND WILL BE THROUGHOUT THE DURATION OF THIS AGREEMENT, TRAINED AND COMPLIANT TO THE STANDARDS OF A REASONABLY PRUDENT OPERATOR IN ALL MATTERS RELATED TO HEALTH, SAFETY AND WORK ENVIRONMENT.

ARTICLE V INDEPENDENT CONTRACTOR

Contractor undertakes the performance of the provisions of this Agreement as an independent contractor, and neither Contractor nor any of its employees, contractors or agents will be deemed to be an employee, servant, agent or partner of or joint venturer with Owner. Owner shall not, in any respect, be responsible for the hiring, employment or working conditions of the persons employed or retained by Contractor in connection with the performance of Contractor's obligations under the terms of this Agreement.

ARTICLE VI INSURANCE

Contractor shall maintain insurance of the type, in the amounts and with the limits set forth on Exhibit D hereto. Each party shall be named as an additional insured under each of the policies for the duration hereof.

ARTICLE VII FORCE MAJEURE

Contractor shall not be liable to Owner for any loss on the Leases caused by war, strikes, tornadoes, floods, governmental priorities on materials or other governmental restrictions, or inability to obtain suitable equipment or labor resulting from any other causes not due to Contractor's failure to exercise reasonable diligence in the performance of Contractor's obligations hereunder. If Contractor is delayed or prevented from performing for any such cause, it shall do all things reasonably possible to remove such cause and shall resume performance hereunder as soon as such cause is removed.

ARTICLE VIII BINDING EFFECT OF AGREEMENT

This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and permitted assigns. The right of either party to assign this Agreement is subject to the prior written consent of the non-assigning party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the immediately preceding sentence, each party may assign and transfer this Agreement to an affiliate or pursuant to a reorganization or change in control of such party or the person that controls such party without such consent. Any assignment in contravention of this Article VIII shall be void.

ARTICLE IX AMENDMENT, TERMINATION AND TURNOVER DATE

9.1 Either party hereto has the right to terminate this Agreement without cause by providing the other party with sixty (60) days prior written notice. In the event of a material breach of this Agreement by either party, including the failure of a party to perform any operation or action proposed hereunder that, the other party may terminate this Agreement by providing the breaching party with thirty (30) days notice. In the event of termination by Owner,

Owner shall pay Contractor in full all amounts due Contractor through the termination date. Upon termination of this Agreement or partial termination as to any Contract Area, Contractor will cooperate with Owner for an orderly transition of operations and will turn over all books and records regarding the Contract Area upon request. Owner shall compensate Contractor for post-termination services requested by Owner and provided in connection with the transition at Contractor's standard hourly rate as set forth on *Exhibit C*.

9.2 Upon termination of this Agreement, the Parties shall not be relieved of any liabilities arising from or incident to Services rendered. The Parties shall not be liable to either Party for any cost or loss in connection with such termination, including but not limited to loss of anticipatory profits. Upon termination of this Agreement, Contractor shall immediately remove all of its and its subcontractors' equipment and materials from Owner's premises that are not necessary for the completion of or the provision of any Service then underway and, notwithstanding anything herein to the contrary, sixty (60) days after the receipt of Contractor of notice of the termination of this Agreement by Owner, Owner shall bear no responsibility for the equipment or materials of Contractor that remain on Owner's premises but which are not necessary for the completion or the provision of any Service then underway.

9.3 If either party (a) generally fails to pay, or admits in writing its inability to pay, its debts as they become due, (b) commences any insolvency proceeding with respect to itself, (c) take any action to effectuate or authorize either (a) or (b), (d) becomes the subject of any involuntary insolvency proceeding, or has any writ, judgment, warrant of attachment, execution or similar process issued or levied against all or a substantial part of its properties, and any such proceeding or petition is not dismissed, or such writ judgment, warrant of attachment, execution or similar process is not released, vacated or fully bonded within sixty (60) days after commencement, filing or levy (e), admits the material allegation of a petition against it in any insolvency proceeding, or an order for relief is issued against it in any insolvency proceeding, or (f) consents to the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefore), for itself or a substantial portion of its property or business, then the other party may, by giving written notice to such party, terminate this Agreement as of the date specified in such notice. A termination under this Section shall be deemed a termination for cause.

ARTICLE X NOTICES

Until changed by appropriate notice in writing, all notices, reports, and other correspondence required by or made necessary by the terms of this Agreement shall be deemed to have been duly given or served on the date on which personally delivered, or sent by electronic transmission via email or facsimile transmission, with receipt acknowledged, or three (3) Business Days after the same shall have been sent via certified United States Mail. For purposes of this Agreement, the term "*Business Days*" means a day other than a Saturday, Sunday or legal holiday for commercial banks under the laws of the State of Texas or the laws of the United States of America.

ARTICLE XI CONFIDENTIAL INFORMATION AND OWNERSHIP OF DOCUMENTS

11.1 Any and all information, in whatever form or format, described or defined by each party as confidential and made available to the other party for the performance of the Agreement shall be and remain the exclusive property of the disclosing party and shall be treated as confidential.

11.2 With respect to such confidential information both parties agree not to disclose or divulge such information to any third party except as may be necessary for the performance of this Agreement. Both parties shall take reasonable measures to protect and preserve the confidential nature of such information and shall be responsible for any breach hereof committed by its employees, it being understood that the confidentiality obligations of both parties are of a continuing nature and shall continue for one (1) year after the termination date of this agreement.

11.3 The foregoing restrictions shall not apply to any such confidential information that is:

- (a) Already known by the receiving party at the time of disclosure;
- (b) Publicly known or becomes publicly known through no fault of the receiving party;
- (c) Received from a third party that is free to disclose the information to the receiving party;
- (d) Communicated to a third party with the express prior written consent of the disclosing party; or
- (e) Lawfully required to be disclosed to a governmental agency or is otherwise required to be disclosed by law, provided that before making such disclosure the receiving Party shall give the disclosing Party reasonable opportunity to object or insure confidential treatment of the information.

11.4 Both parties acknowledge that the breach of this confidentiality obligation may cause the other party serious economic harm and that the remedies available to the injured party by law may be inadequate. Therefore, upon any breach hereof by either party, the non-breaching party shall be entitled to seek immediate injunctive relief and/or specific performance, in addition to any other appropriate forms of equitable or legal relief, including but not limited to, monetary damages and reasonable attorney's fees.

11.5 Both Owner and Contractor agree that all tracings, designs, drawings, field notes, requisitions, purchase orders, specifications, computer programs (data files and other software in whatever form), and other documents or records developed by such party in connection with this Agreement or otherwise shall be the sole property of such party.

**ARTICLE XH
AMENDMENTS TO THE AGREEMENT
AND GOVERNING LAWS**

THIS AGREEMENT SHALL NOT BE VARIED EXCEPT WITH THE WRITTEN CONSENT OF THE PARTIES. IN THE EVENT ONE OR MORE OF THE PROVISIONS IS HELD INVALID BY ANY COURT OF COMPETENT JURISDICTION, THE SAME SHALL IN NO MANNER AFFECT THE VALIDITY OF ANY OF THE OTHER PROVISIONS. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

**ARTICLE XIII
INDEMNIFICATION**

13.1 CONTRACTOR SHALL GENERALLY HAVE THE PROTECTIONS, BENEFITS, AND INDEMNIFICATIONS OF OWNER UNDER THE TERMS OF THE A.A.P.L. FORM 610 - 1989 MODEL FORM OPERATING AGREEMENT ("JOA") JUST AS IF CONTRACTOR WERE THE DESIGNATED OPERATOR UNDER THE JOA, AND TO THE FULLEST EXTENT POSSIBLE, OWNER HEREBY ASSIGNS AND TRANSFERS ALL OF SUCH PROTECTIONS, BENEFITS AND INDEMNIFICATIONS TO CONTRACTOR DURING THE TERM OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT SUCH ASSIGNMENT SHALL NOT ENTITLE CONTRACTOR (A) TO CLAIM OR ASSERT ANY LIENS OR SECURITY INTERESTS THAT WOULD BE GRANTED TO THE OPERATOR UNDER THE JOA, OR (B) TO SETTLE ANY CLAIMS OR LAWSUITS PERTAINING TO THE CONTRACT AREA.

13.2 CONTRACTOR'S RELEASE OF OWNER:

CONTRACTOR RELEASES OWNER AND OWNER'S PARENT, SUBSIDIARIES, OFFICERS, DIRECTORS, AND EMPLOYEES ("OWNER PARTIES") OF AND FROM ANY LIABILITY AS TO ALL CLAIMS, PENALTIES, DEMANDS, AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER, WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF OR THE NEGLIGENCE (EXCLUDING GROSS NEGLIGENCE AND WILLFUL MISCONDUCT) OF ANY OF THE OWNER PARTIES, ON ACCOUNT OF BODILY INJURY, DEATH AND/OR DAMAGE TO OR LOSS OF PROPERTY OF ANY KIND. CONTRACTOR'S OBLIGATIONS UNDER THIS SECTION SHALL BE PRIMARY AND WITHOUT REGARD TO AND WITHOUT ANY RIGHT TO CONTRIBUTION FROM ANY INSURANCE MAINTAINED OR MADE AVAILABLE TO OWNER. CONTRACTOR AND OWNER HEREBY AGREE THAT CONTRACTOR WILL BE COVERED BY AVAILABLE LIABILITY INSURANCE, UNDER WHICH THE INSURER HAS NO RIGHT OF SUBROGATION AGAINST OWNER OR CONTRACTOR. IT IS AGREED THAT SAID INSURANCE REQUIREMENTS SHALL AUTOMATICALLY BE AMENDED TO CONFORM TO THE MAXIMUM MONETARY LIMITS PERMITTED UNDER APPLICABLE LAW.

13.3 OWNER'S RELEASE OF CONTRACTOR:

OWNER RELEASES CONTRACTOR AND CONTRACTOR'S PARENT, SUBSIDIARIES, OFFICERS, DIRECTORS, AND EMPLOYEES ("CONTRACTOR PARTIES") OF AND FROM ANY LIABILITY AS TO ALL CLAIMS, PENALTIES, DEMANDS, AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF OR THE NEGLIGENCE (EXCLUDING GROSS NEGLIGENCE AND WILLFUL MISCONDUCT) OF ANY OF THE CONTRACTOR PARTIES, ON ACCOUNT OF BODILY INJURY, DEATH AND/OR DAMAGE TO OR LOSS OF PROPERTY OF ANY KIND. OWNER'S OBLIGATIONS UNDER THIS SECTION SHALL BE COVERED BY AVAILABLE LIABILITY INSURANCE, UNDER WHICH THE INSURER HAS NO RIGHT OF SUBROGATION AGAINST OWNER OR CONTRACTOR. IT IS AGREED THAT SAID INSURANCE REQUIREMENTS SHALL AUTOMATICALLY BE AMENDED TO CONFORM TO THE MAXIMUM MONETARY LIMITS PERMITTED UNDER APPLICABLE LAW.

13.4 THIRD PARTY CLAIMS:

For losses, claims, demands, liabilities, or causes of action brought by or on behalf of anyone other than those claimants listed in Sections 13.2 and 13.3 above, the Parties' respective indemnity obligations shall be as set forth in this Section 13.4.

(1) Contractor's Negligence: CONTRACTOR AGREES TO PROTECT, DEFEND (INCLUDING ALL COSTS, EXPENSES, AND REASONABLE ATTORNEYS' FEES), INDEMNIFY, RELEASE AND HOLD THE OWNER INDEMNIFIED PARTIES HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DEMANDS, LIABILITIES, OR CAUSES OF ACTION OF EVERY KIND AND CHARACTER, IN FAVOR OF ANY PERSON OR PARTY, FOR INJURY TO OR ILLNESS OR DEATH OF ANY PERSON, OTHER THAN AS PROVIDED IN SECTIONS 13.2 AND 13.3 ABOVE, OR DAMAGE TO OR LOSS OF PROPERTY OF ANY SUCH PERSON, AND WHICH SUCH INJURY, ILLNESS, DEATH OR PROPERTY DAMAGE ARISES OUT OF OR IS INCIDENT TO ANY WORK OR SERVICE TO BE PERFORMED UNDER THIS AGREEMENT TO THE EXTENT, AND IN THE PROPORTION THAT, SUCH INJURY, ILLNESS, DEATH OR PROPERTY DAMAGE IS CAUSED OTHER THAN BY THE NEGLIGENCE OF OWNER, ITS EMPLOYEES, AGENTS OR OTHER CONTRACTORS THAT ARE DIRECTLY RESPONSIBLE TO OWNER.

(2) Owner's Negligence: OWNER AGREES TO PROTECT, DEFEND (INCLUDING ALL COSTS, EXPENSES, AND ATTORNEYS' FEES), INDEMNIFY, RELEASE AND HOLD THE CONTRACTOR INDEMNIFIED PARTIES HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DEMANDS, LIABILITIES, OR CAUSES OF ACTION OF EVERY KIND AND CHARACTER, IN FAVOR OF ANY PERSON OR PARTY, FOR INJURY TO OR ILLNESS OR DEATH OF ANY PERSON, OTHER THAN AS PROVIDED IN SECTIONS 13.2 AND 13.3 ABOVE, OR DAMAGE TO OR LOSS OF PROPERTY OF ANY SUCH PERSON, AND WHICH SUCH INJURY, ILLNESS, DEATH OR PROPERTY DAMAGE ARISES OUT OF OR IS

INCIDENT TO ANY WORK OR SERVICE TO BE PERFORMED UNDER THIS AGREEMENT, TO THE EXTENT, AND ONLY TO THE EXTENT, AND ONLY IN THE PROPORTION THAT, SUCH INJURY, ILLNESS, DEATH OR PROPERTY DAMAGE IS CAUSED BY THE NEGLIGENCE OF OWNER, ITS EMPLOYEES, AGENTS OR OTHER CONTRACTORS THAT ARE DIRECTLY RESPONSIBLE TO OWNER.

13.5 IT IS THE INTENT OF THE PARTIES HERETO THAT ALL OBLIGATIONS, LIABILITIES, AND RISKS ALLOCATED OR ASSUMED BY THE PARTIES UNDER TERMS OF THIS CONTRACT, INCLUDING, WITHOUT LIMITATION, SECTIONS 13.2 THROUGH 13.4, BE WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF, INCLUDING PREEXISTING CONDITIONS, STRICT LIABILITY, VIOLATIONS OF ANY STATE, OR FEDERAL LAW, BREACH OF CONTRACT, BREACH OF WARRANTY, TRESPASS, CONVERSION, NUISANCE, TORT, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, ACTIVE OR PASSIVE. THE RELEASES AND ASSUMPTIONS OF LIABILITY AND ALLOCATIONS OF RISKS EXTENDED BY THE PARTIES HERETO UNDER SECTIONS 13.2 THROUGH 13.4 SHALL INURE TO THE BENEFIT OF THE PARTIES, THEIR PARENT, HOLDING AND SUBSIDIARIES, AFFILIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND SERVANTS. THE TERMS AND PROVISIONS OF SECTIONS 13.2 THROUGH 13.4 SHALL HAVE NO APPLICATION TO CLAIMS OR CAUSES OF ACTION ASSERTED AGAINST OWNER OR CONTRACTOR BY REASON OF ANY AGREEMENT OF INDEMNITY WITH A PERSON OR ENTITY NOT A PARTY HERETO.

13.6 IT IS EXPRESSLY AGREED THAT OWNER SHALL NOT BE LIABLE TO THE CONTRACTOR PARTIES FOR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM OR ARISING DIRECTLY OR INDIRECTLY, OUT OR OF IN CONNECTION WITH THE SERVICES OR OPERATIONS HEREUNDER RELATED TO RESERVOIR DAMAGE, LOSS OF RESERVES, OR CRATERING OR BLOWOUT OF THE BOREHOLE, INCLUDING, WITHOUT LIMITATION, LOSS OF USE, LOSS OF DATA, LOSS OF ASSETS, LOSS OF PROFIT, LOSS OF BUSINESS, OR BUSINESS INTERRUPTION UNLESS CAUSED BY THE SOLE NEGLIGENCE (ACTIVE OR PASSIVE) OF OWNER OR ANY OF THE OWNER PARTIES.

13.7 IT IS EXPRESSLY AGREED THAT CONTRACTOR SHALL NOT BE LIABLE TO THE OWNER PARTIES FOR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM OR ARISING DIRECTLY OR INDIRECTLY, OUT OR OF IN CONNECTION WITH THE SERVICES OR OPERATIONS HEREUNDER RELATED TO RESERVOIR DAMAGE, LOSS OF RESERVES, OR CRATERING OR BLOWOUT OF THE BOREHOLE, INCLUDING, WITHOUT LIMITATION, LOSS OF USE, LOSS OF DATA, LOSS OF ASSETS, LOSS OF PROFIT, LOSS OF BUSINESS, OR BUSINESS INTERRUPTION UNLESS CAUSED BY THE SOLE NEGLIGENCE (ACTIVE OR PASSIVE) OF CONTRACTOR OR ANY OF THE CONTRACTOR PARTIES.

13.8 As a part of the consideration for this Agreement, Contractor hereby agrees that the provisions of the foregoing Sections 13.2, through 13.7 inclusive shall extend to and be enforceable by and for the benefit of any non-operating concurrent working interest Owner, joint ventures or partners for whom Owner may be performing operations or services.

MISCELLANEOUS

14.1 This Agreement, drawn in counterpart, shall be binding upon the Parties and their respective successors, and assigns. Notwithstanding the foregoing, this Agreement and the duties and obligations hereunder are not assignable by Contractor without the written consent of Owner.

14.2 In any dispute arising among the Parties to this Agreement, the prevailing party shall be entitled to collect all costs, including attorneys' fees.

14.3 The captions of any articles herein are intended for convenient references only and same shall not be, nor be deemed to be, interpretive of the contents of such sections.

14.4 Harris County, Texas shall be the exclusive venue and jurisdiction for any litigation between the Parties.

14.5 If any provision or part of any provision of this Agreement shall be held invalid, the remainder shall be deemed valid and effective, and the Parties shall endeavor to replace the invalid terms with terms which correspond best to the original economic and general intention of the Parties, it being the intention of the Parties hereto that each provision hereof is being stipulated separately.

14.6 EACH PARTY HERETO KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY (a) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS AGREEMENT, OR DIRECTLY OR INDIRECTLY AT ANY TIME ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED OR ASSOCIATED THEREWITH, BEFORE OR AFTER TERMINATION; (b) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY "SPECIAL DAMAGES," AS DEFINED BELOW; (c) CERTIFIES THAT NEITHER IT NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSELORS HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT THE CERTIFYING PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS; AND (d) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION. AS USED IN THIS SECTION, "**SPECIAL DAMAGES**" INCLUDES ALL SPECIAL, CONSEQUENTIAL, INDIRECT, EXEMPLARY, OR PUNITIVE DAMAGES

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

By: Jos R S
Name: _____
Title: Trustee

EXHIBIT 6 TO SETTLEMENT AGREEMENT

SETTLEMENT APPROVAL ORDER

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC (“Debtors”) in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and all parties in interest.

4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment executed by 3 Well LP and the Subject Wells Assignment executed by 2014 LP, shall be property of the Maricopa Resources, LLC bankruptcy estate.

5. The 3 Well LP Subject Claims Assignment and Participation Agreement attached

as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

6. The 2014 LP Subject Claims Assignment and Participation Agreement attached as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

7. This Order is binding upon the Parties and all other parties in interest in accordance with the terms of the Settlement Agreement.

8. A general unsecured claim of 3 Well LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 27.7891% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

9. A general unsecured claim of 2014 LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 72.21084% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

10. The releases provided for in the Settlement Agreement are hereby approved. Upon consummation of the Settlement Agreement all claims by 3 Well LP against Payson Petroleum, Payson Operating or Maricopa except for the 2014 LP and 3 Well LP Retained Claims (as defined in the Settlement Agreement) are released. Upon consummation of the Settlement Agreement all claims of Payson Petroleum, Payson Operating and Maricopa, except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims (as defined in the Settlement Agreement) are

released.

11. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the following: (i) the 3 Well LP Avoidance Action Claims Net Recovery and the 3 Well LP Partnership Related Claims Net Recovery (as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement), and (ii) the 2014 LP Avoidance Action Claims Net Recovery and the 2014 LP Partnership Related Claims Net Recovery (as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement).

12. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the (i) 3 Well LP Avoidance Action Claims, (ii) 3 Well LP Partnership Related Claims, (iii) 2014 LP Avoidance Action Claims, and (iv) 2014 LP Partnership Related Claims, without further order of this Court.

13. Payson Petroleum is hereby appointed (i) the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement, and (ii) the representative of the 2014 LP bankruptcy estate for purposes of prosecuting the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement.

14. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 3 Well LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, or Payson/3 Well LP Partnership Related Claims as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 3 Well LP Subject Claims Assignment and

HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

/s/
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FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
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/s/ _____
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**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, LP,	§	Case No. 17-40179
	§	Chapter 7
DEBTOR.	§	

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. (“Debtor”) in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.

4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.

Page 2

as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

6. This Order is binding upon the Parties and all other parties in interest in accordance with the terms of the Settlement Agreement.

7. A general unsecured claim of Payson Petroleum against 3 Well LP is hereby allowed in the amount of Eight Million Five Hundred Fifty-Seven Thousand Eight Hundred Eighty-Eight and 50/100 U.S. Dollars (\$8,557,888.50).

8. The releases provided for in the Settlement Agreement are hereby approved. Upon consummation of the Settlement Agreement all claims by 3 Well LP against Payson Petroleum, Payson Operating or Maricopa except for the 2014 LP and 3 Well LP Retained Claims (as defined in the Settlement Agreement) are released. Upon consummation of the Settlement Agreement all claims of Payson Petroleum, Payson Operating and Maricopa, except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims (as defined in the Settlement Agreement) are released.

9. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the 3 Well LP Avoidance Action Claims Net Recovery and the 3 Well LP Partnership Related Claims Net Recovery as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement.

10. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims without further order of this Court. Payson Petroleum is hereby appointed the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the

3 Well LP Partnership Related Claims pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 3 Well LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, or Payson/3 Well LP Partnership Related Claims as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 3 Well LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 3 Well LP Partnership Related Claims or the 3 Well LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

/s/

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(972)-241-3970 Facsimile

**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL 2014, LP,	§	Case No. 17-40180
	§	Chapter 7
DEBTOR.	§	

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. (“Debtor”) in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 2014 LP Subject Claims Assignment and Participation Agreement attached as

7. A general unsecured claim of Payson Petroleum against 2014 LP is hereby allowed in the amount of Two Million Six Hundred Seventy-One Thousand Nine Hundred and 50/100 U.S. Dollars (\$2,671,900.50).

9. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the 2014 LP Avoidance Action Claims Net Recovery and the 2014 LP Partnership Related Claims Net Recovery as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement.

10. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims without further order of this Court. Payson Petroleum is hereby appointed the representative of the 2014 LP bankruptcy estate for purposes of prosecuting the 2014 LP Avoidance Action Claims and the 2014

LP Partnership Related Claims pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 2014 LP Avoidance Action Claims, 2014 LP Partnership Related Claims, or Payson/2014 LP Partnership Related Claims as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 2014 LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 2014 LP Partnership Related Claims or the 2014 LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

EXHIBIT 7 TO SETTLEMENT AGREEMENT

SETTLEMENT MOTIONS

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC,	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

**JOINT MOTION TO APPROVE COMPROMISE AND SETTLEMENT
PURSUANT TO BANKRUPTCY RULE 9019**

NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AND SERVED UPON THE PARTY FILING THIS PLEADING WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH OBJECTION. IF NO OBJECTION IS TIMELY SERVED AND FILED, THIS PLEADING SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF AN OBJECTION IS FILED AND SERVED IN A TIMELY MANNER, THE COURT WILL THEREAFTER SET A HEARING. IF YOU FAIL TO APPEAR AT THE HEARING, YOUR OBJECTION MAY BE STRICKEN. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

TO THE HONORABLE BRENDA RHOADES, U. S. BANKRUPTCY JUDGE:

COME NOW Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 (the “Payson Trustee”) and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 (the “LP Trustee”) to file their *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* (the “Joint Motion to

5. Amended Complaint. On July 13, 2017, Payson Trustee filed his *First Amended Complaint* in the Adversary Proceeding. *See* Docket No. 25 in Adversary Proceeding.

II. FACTUAL BACKGROUND

8. Nature of 3 Well LP's and 2014 LP's Businesses. Payson Petroleum Grayson, LLC formed 3 Well LP in 2013 and 2014 LP in 2014 to, *inter alia*, drill, complete, and own interests in the Subject Wells.

9. Turnkey Agreements. On or about October 13, 2013, Payson Petroleum and 3 Well LP entered into a Subscription Turn Key Agreement under which 3 Well LP agreed to pay Payson Petroleum certain amounts for the drilling and completion of the Subject Wells (the “3 Well LP Turnkey Agreement”). On or about January 12, 2014, Payson Petroleum and 2014 LP entered into a Subscription Turn Key Agreement under which 2014 LP agreed to pay Payson Petroleum certain amounts for the drilling and completion of the Subject Wells (the “2014 LP Turnkey Agreement” and collectively with the 3 Well LP Turnkey Agreement the “Turnkey Agreements”). In the Adversary Proceeding, Payson Petroleum asserts claims for breach of the Turnkey Agreements against 3 Well LP in the amount of \$17,115,777 and 2014 LP in the amount of \$5,343,803 (the “Breach of Turnkey Agreement Claims”).

10. Working Interest Assignments. On or about Marcy 28, 2016, Maricopa assigned certain interests in the William #1H (API # 181-31557), Crowe #2 (API #181-31543), and Elaine #1 (API #181-31547) (collectively the “Subject Wells”) to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066. The working interests assigned are set forth below:

Subject Well	Assignee	Working Interest Assigned
Williams #1H Well	2014 LP	72.210840%
Williams #1H Well	3 Well LP	27.789160%
Crowe #2 Well	2014 LP	72.210840%
Crowe #2 Well	3 Well LP	27.789160%
Elaine #1 Well	2014 LP	72.210840%
Elaine #1 Well	3 Well LP	27.789160%

(collectively the “Working Interest Assignments”). In the Adversary Proceeding, Maricopa asserts claims under 11 U.S.C. §§ 547, 548, and 550 and Chapter 24 of the Texas Business and Commerce

Code against 3 Well LP and 2014 LP for avoidance of the Working Interest Assignments and recovery of the interests transferred or their value. Post-bankruptcy petition production revenue attributable to the Working Interest Assignments has been held by Traton Operating Company (“Traton”), the Payson Trustee’s approved contract operating company.

11. Additional Avoidable Transfers. In addition to the Working Interest Assignments, Payson Petroleum transferred \$1,274,310 to 3 Well LP and \$2,862,000 to 2014 LP between January and February 2014 in exchange for interests in those limited partnerships that Payson Petroleum knew or should have known were worth far less than the amounts transferred (the “Investment Transfers”). In the Adversary Proceeding, the Payson Trustee asserts claims under 11 U.S.C. § 544 and 550 and Chapter 24 of the Texas Business and Commerce Code to avoid and recover the Investment Transfers from 3 Well LP and 2014 LP (the “Investment Transfer Claims”).

III. **PROPOSED SETTLEMENT**

12. The Payson Trustee, Payson Debtors, LP Trustee, and LP Debtors have reached a settlement of issues asserted in the Adversary Proceeding and other claims that have our could have been asserted between the parties. Attached hereto as Exhibit A is a copy of the Settlement Agreement.²

13. Agreed Final Judgment. As explained in the Settlement Agreement, the parties will resolve the Adversary Proceeding by filing a Joint Motion for Entry of Agreed Final Judgment and will use their best efforts to have the Agreed Final Judgment entered by the Bankruptcy Court. The Agreed Final Judgment will, *inter alia*, provide that the Wellbore Interest Assignments are

² To the extent of any inconsistency between the Settlement Agreement and the summary of that agreement set forth in this Joint Motion to Compromise, the terms of the Settlement Agreement control. This outline is not intended to repeat all terms of the Settlement Agreement and persons reading this Joint Motion to Compromise are encouraged to read the Settlement Agreement. Capitalized Terms used but not otherwise defined herein have the meaning ascribed to them in the Joint Motion to Compromise or the Settlement Agreement as applicable.

avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B) and grant judgment in favor of Payson Petroleum on its Breach of Turnkey Agreement Claims against 3 Well LP in the amount of \$8,557,888.50 and 2014 LP in the amount of \$2,671,900.50. *See* Exhibit 3 to Settlement Agreement.

14. Conveyance of Interests in Subject Wells. 3 Well LP and 2014 LP will reassign the avoided interests in the Subject Wells to Maricopa, which will continue to be operated by Traton until Maricopa sells those interests under 11 U.S.C. § 363. As explained in further detail in the Settlement Agreement, the net proceeds obtained from the operation and sale of the Subject Wells (defined in the Settlement Agreement as the Subject Wells Net Proceeds) will be distributed as follows: (i) 55% to Maricopa, (ii) 32.4945% to 2014 LP, and (iii) 12.5055% to 3 Well LP. Maricopa will retain a \$50,000 Operating Reserve to satisfy costs related to operation of the Subject Wells.

15. Allowed Claims. The Settlement Agreement also provides that the parties will agree to the following allowed unsecured claims:

- Payson Petroleum shall hold (i) an allowed unsecured claim in the 3 Well LP bankruptcy case in the amount of \$8,557,888.50 and (ii) an allowed unsecured claim in the 2014 LP bankruptcy case in the amount of \$2,671,900.50;
- 3 Well LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement; and
- 2014 LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement.

16. Prosecution of and Participation in Avoidance Action Claims. The Settlement Agreement further provides that the parties will enter into (i) the 3 Well LP Subject Claims Assignment and Participation Agreement and (ii) the 2014 LP Subject Claims Assignment and

Participation Agreement (collectively the “Claims Assignment and Participation Agreements”).

Pursuant to the Claims Assignment and Participation Agreements:

- 3 Well LP will assign a fifty percent (50%) interest in net recoveries from litigation of 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims, as defined in the 3 Well LP Subject Claims Assignment and Participation Agreement, with 3 Well LP retaining the remaining fifty percent (50%) interest; and
- 2014 LP will assign a fifty percent (50%) interest in net recoveries from litigation of 2014 LP Avoidance Action Claims and 2014 Partnership Related Claims, as defined in the 2014 LP Subject Claims Assignment and Participation Agreement, with 2014 LP retaining the remaining fifty percent (50%) interest.

Payson Petroleum shall be granted standing to prosecute 3 Well LP and 2014 LP Avoidance Action Claims and Partnership Related Claims in the 3 Well LP and 2014 LP bankruptcy cases, and 3 Well LP and 2014 LP shall enter into engagement agreements with special litigation counsel for the Payson Trustee to prosecute such claims for the benefit of the Payson Petroleum, 3 Well LP, and 2014 LP bankruptcy estates.

17. Releases. Except for claims expressly reserved in the Settlement Agreement, all claims or causes action between the parties will be released.

IV. RATIONALE

18. Benefit to Maricopa Estate. The Maricopa bankruptcy estate receives the following benefits from the settlement:

- the interests assigned to 3 Well LP and 2014 LP via the Working Interest Assignments will be reassigned to Maricopa, and Maricopa will 55% of the Subject Wells Net Proceeds, plus a \$50,000 Operating Reserve to satisfy costs associated with operation of the Subject Wells; and
- except for claims expressly preserved under the Settlement Agreement, Maricopa’s bankruptcy estate is released from claims which have been or could have been asserted against Maricopa by 3 Well LP and/or 2014 LP.

19. Benefit to Payson Petroleum Estate. The Payson Petroleum bankruptcy estate receives the following benefits from the settlement:

- an allowed general unsecured claim in the 3 Well LP bankruptcy case in the amount of Eight Million Five Hundred Fifty-Seven Thousand Eight Hundred Eighty-Eight and 50/100 U.S. Dollars (\$8,557,888.50) on account of Payson Petroleum's Breach of Turnkey Agreement claim against 3 Well LP;
- an allowed general unsecured claim in the 2014 LP bankruptcy case in the amount of Two Million Six Hundred Seventy-One Thousand Nine Hundred and 50/100 U.S. Dollars (\$2,671,900.50) on account of Payson Petroleum's Breach of Turnkey Agreement claim against 2014 LP;
- Payson Petroleum is (i) granted standing and authority to enforce and prosecute 3 Well LP Avoidance Action Claims, 2014 LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, and 2014 LP Partnership Related Claims (the "Subject Claims") and (ii) will hold a fifty percent (50%) participation interest in net recoveries from the Subject Claims as further described in the Settlement Agreement, 3 Well LP Subject Claims Assignment and Participation Agreement and 2014 LP Subject Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, Payson Petroleum's bankruptcy estate is released from claims which have been or could have been asserted against Payson Petroleum by 3 Well LP and/or 2014 LP.

20. Benefit to Payson Operating Estate. Except for claims expressly preserved under the Settlement Agreement, Payson Operating's bankruptcy estate is released from claims which have been or could have been asserted against Payson Operating by 3 Well LP and/or 2014 LP.

21. Benefit to 3 Well LP Estate. The 3 Well LP bankruptcy estate receives the following benefits from the settlement:

- 3 Well LP will obtain 12.5055% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;

- 3 Well LP will retain a fifty percent (50%) interest in all 3 Well LP Avoidance Action Claims Net Recovery and 3 Well LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and 3 Well LP Subject Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, 3 Well LP's bankruptcy estate is released from claims which have been or could have been asserted against 3 Well LP by Payson Petroleum, Payson Operating, and/or Maricopa.

22. Benefit to 2014 LP Estate. The 2014 LP bankruptcy estate receives the following benefits from the settlement:

- 2014 LP will obtain 32.4945% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;
- 2014 LP will retain a fifty percent (50%) interest in all 2014 LP Avoidance Action Claims Net Recovery and 2014 LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and 3 Well LP Subject Claims Assignment and Participation Agreement; *and*
- except for claims expressly preserved under the Settlement Agreement, 2014 LP's bankruptcy estate is released from claims which have been or could have been asserted against 2014 LP by Payson Petroleum, Payson Operating, and/or Maricopa.

V. RELIEF REQUESTED

23. The Payson Trustee and LP Trustee respectfully request that the Court approve the proposed Settlement Agreement attached hereto as Exhibit A and grant them such other and further relief to which they may be entitled.

VI. BASIS FOR RELIEF

24. Bankruptcy Courts are “empowered to approve a compromise settlement of a debtor’s claim under Bankruptcy Rule 9019(a).” *Official Comm. of Unsecured Creditors v. Cajun Electric Power Coop., Inc. (In re Cajun Elec. Power Coop., Inc.)*, 119 F.3d 349, 355 (5th Cir. 1997). “Approval should only be given if the settlement is fair and equitable and in the best interest of the estate.” *Id.* (internal quotes & cite omitted). “In deciding whether a settlement of litigation is fair and equitable, a judge in bankruptcy must make a well-informed decision, ‘comparing the terms of the compromise with the likely rewards of litigation.’” *Id.* at 356 (quoting *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980)). Courts consider the following factors in determining whether a settlement is fair and equitable “(1) [t]he probability of success in the litigation, with due consideration for the uncertainty in fact and law, (2) [t]he complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (3) all other factors bearing on the wisdom of the compromise.” *Id.*

25. The factors support granting the Joint Motion to Compromise. First, the disputes are hotly contested and would require lengthy and likely expensive litigation to resolve, and the Settlement Agreement was reached after good-faith, contentious, and arms-length negotiations. The Payson Trustee and LP Trustee desire to avoid lengthy litigation between the respective bankruptcy estates so they can focus on enhancing the value of those estates for the benefit of creditors. Litigation would be expensive and involve, *inter alia*, complex factual issues regarding the value of the property transferred and solvency of the various bankruptcy estates. The Settlement Agreement, on the other hand, allows the Payson Trustee to distribute hydrocarbon proceeds currently held in suspense and initiate a sales process to monetize the Subject Wells for the benefit of creditors of Maricopa, 3 Well LP, and 2014 LP. Additionally, the Settlement

Agreement (i) reduces 3 Well LP and 2014 LP's liability for failing to pay Payson Petroleum amounts owed under the Turnkey Agreements by fifty percent (50%), (ii) provides an arrangement for coordinated prosecution of avoidance actions and sharing in the proceeds of the same, and (iii) eliminates the potential that the LP Trustee and Payson Trustee would pursue substantially similar claims against partners of 3 Well LP and 2014 LP in different proceedings and forums. In sum, the Payson Trustee and LP Trustee believe the Settlement Agreement is in the best interests of their respective bankruptcy estates and should be approved. *See* Affidavit of Jason R. Searcy, attached as **Exhibit B** and Affidavit of Christopher J. Moser, attached as **Exhibit C**.

26. A proposed agreed order is attached hereto as **Exhibit D**.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Jason R. Searcy, Chapter 11 Trustee for the bankruptcy estates of Payson Petroleum, Inc., Payson Operating, LLC, and Maricopa Resources, LLC and Christopher J. Moser, Chapter 7 Trustee for the bankruptcy estates of Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P. respectfully request that the Court approve the Agreement and grant them such other and further relief to which they may be justly entitled.

Dated: ____, 2017

Respectfully submitted,

By: /s/

Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

**COUNSEL FOR JASON R. SEARCY,
CHAPTER 11 TRUSTEE FOR PAYSON
PETROLEUM, INC., PAYSON
OPERATING, LLC, AND MARICOPA
RESOURCES, LLC**

By: /s/

Keith W. Harvey
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6510 Abrams Road
Suite 280
Dallas, Texas 75231
(972) 243-3960 Phone
(972)-241-3970 Facsimile

**COUNSEL FOR CHRISTOPHER J.
MOSER, CHAPTER 7 TRUSTEE FOR
PAYSON PETROLEUM 3 WELL, L.P.
AND PAYSON PETROLEUM 3 WELL
2014, L.P.**

CERTIFICATE OF SERVICE

The undersigned certifies that on __, 2017, a true and correct copy of this document was served (i) via the Court's electronic case filing system upon the parties listed below or by email listed below, (ii) via the Court's electronic case filing system for Eastern District of Texas upon all parties requesting electronic notice of all filings and (iii) via regular First Class Mail, properly addressed and postage prepaid, upon all parties listed on the Master Service List attached hereto.

Debtors Payson Petroleum, Inc., Payson Operating,
LLC, and Maricopa Resources, LLC

Mark A. Weisbart

12770 Coil Road, Suite 541

Dallas, TX 75251

weisbartm@earthlink.net,

TX56@ecfcbis.com;mweisbart@ecf.epiqsystems.com;

tarah_simmons@earthlink.net

Debtors Payson Petroleum 3 Well ,
LP and Payson Petroleum 3 Well
2014, LP

1757 Harpsichord Way

Henderson, NV 89012

Dan Chern

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12801 N. Central Expressway, Suite 1558

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US Trustee

Office of the US Trustee

110 N. College Ave, #300

Tyler, TX 75702

USTPRegion06.TY.ECF@USDOJ.GOV

/s/ _____
Blake Hamm

EXHIBIT A TO SETTLEMENT MOTION

SETTLEMENT AGREEMENT

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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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IN RE: PAYSON PETROLEUM 3 WELL, L.P., DEBTOR.	§ § § § §	Case No. 17-40179 Chapter 7
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IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
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**AFFIDAVIT OF JASON R. SEARCY
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
 §
COUNTY OF GREGG §

BEFORE ME, the undersigned authority, on this day personally appeared Jason R. Searcy, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Jason R. Searcy. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas, the United States Fifth Circuit Court of Appeals and the United States Supreme Court. I am the Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 ("Payson Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 and based on my best belief and information, the

proposed settlement obtains for the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

Further, Affiant sayeth not.

Jason R. Searcy
Payson Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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IN RE: PAYSON PETROLEUM 3 WELL, L.P., DEBTOR.	§ § § § §	Case No. 17-40179 Chapter 7
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IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
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**AFFIDAVIT OF CHRISTOPHER J. MOSER
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Christopher J. Moser, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Christopher J. Moser. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas and the United States Fifth Circuit of Appeals. I am the Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 ("LP Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 ("Motion") and based on my best belief and information, the proposed settlement obtains for

the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

It is my professional opinion that the settlement agreement reflected in the Motion is in the best interest of the estate and comports with the settlement standards of *Protective Comm. For Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. Reh'g denied, 391 U.S. 909 (1968) and of *River City vs. Herpel, (In re Jackson Brewing Co.)*, 624 F.2d 599, 602-603 (5th Cir. 1980). Accordingly, the settlement should be approved.

Further, Affiant sayeth not.

Christopher J. Moser
LP Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC (“Debtors”) in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and all parties in interest.

4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment executed by 3 Well LP and the Subject Wells Assignment executed by 2014 LP, shall be property of the Maricopa Resources, LLC bankruptcy estate.

5. The 3 Well LP Subject Claims Assignment and Participation Agreement attached

as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

6. The 2014 LP Subject Claims Assignment and Participation Agreement attached as an exhibit to the Motion is approved in its entirety as being fair, reasonable and in the best interests of the Debtors, their bankruptcy estates and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

7. This Order is binding upon the Parties and all other parties in interest in accordance with the terms of the Settlement Agreement.

8. A general unsecured claim of 3 Well LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 27.7891% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

9. A general unsecured claim of 2014 LP against Maricopa Resources, LLC is hereby allowed in an amount equal to 72.21084% of the Subject Net Well Proceeds, as that term is defined in the Settlement Agreement, in Bankruptcy Case No. 16-41043, styled as *In re Maricopa Resources, LLC*.

10. The releases provided for in the Settlement Agreement are hereby approved. Upon consummation of the Settlement Agreement all claims by 3 Well LP against Payson Petroleum, Payson Operating or Maricopa except for the 2014 LP and 3 Well LP Retained Claims (as defined in the Settlement Agreement) are released. Upon consummation of the Settlement Agreement all claims of Payson Petroleum, Payson Operating and Maricopa, except for the Payson Petroleum, Payson Operating and Maricopa Retained Claims (as defined in the Settlement Agreement) are

with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

19. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

SUBMITTED BY:

/s/
Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
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(713) 335-4848 (Fax)

**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

AGREED TO IN FORM AND SUBSTANCE BY:

/s/
Phil Snow
State Bar No. 18812600
Blake Hamm
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**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
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**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, L.P.,	§	Case No. 17-40179
	§	
DEBTOR.	§	Chapter 7

**JOINT MOTION TO APPROVE COMPROMISE AND SETTLEMENT PURSUANT
TO BANKRUPTCY RULE 9019**

NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AND SERVED UPON THE PARTY FILING THIS PLEADING WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH OBJECTION. IF NO OBJECTION IS TIMELY SERVED AND FILED, THIS PLEADING SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF AN OBJECTION IS FILED AND SERVED IN A TIMELY MANNER, THE COURT WILL THEREAFTER SET A HEARING. IF YOU FAIL TO APPEAR AT THE HEARING, YOUR OBJECTION MAY BE STRICKEN. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

TO THE HONORABLE BRENDA RHOADES, U. S. BANKRUPTCY JUDGE:

COME NOW Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 (the “Payson Trustee”) and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 (the “LP Trustee”) to file their *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* (the “Joint Motion to Compromise”), and in support thereof, respectfully show unto the Court the following:

I.

1. Payson Debtor Bankruptcy Filings. On June 10, 2016, Payson Petroleum, Inc.

2. Adversary Proceeding. On November 1, 2016, the Payson Trustee filed his

3. LP Debtor Bankruptcy Filings. On January 31, 2017, 3 Well LP and 2014 LP

¹ Collectively, Payson Petroleum, Payson Operating, and Maricopa are the “Payson Debtors.”

Subject Well	Assignee	Working Interest Assigned
Williams #1H Well	2014 LP	72.210840%
Williams #1H Well	3 Well LP	27.789160%
Crowe #2 Well	2014 LP	72.210840%
Crowe #2 Well	3 Well LP	27.789160%
Elaine #1 Well	2014 LP	72.210840%
Elaine #1 Well	3 Well LP	27.789160%

11. Additional Avoidable Transfers. In addition to the Working Interest Assignments, Payson Petroleum transferred \$1,274,310 to 3 Well LP in January 2014 in exchange for interests

in 3 Well LP that Payson Petroleum knew or should have known were worth far less than the amounts transferred (the “Investment Transfer”). In the Adversary Proceeding, the Payson Trustee asserts claims under 11 U.S.C. § 544 and 550 and Chapter 24 of the Texas Business and Commerce Code to avoid and recover the Investment Transfer from 3 Well LP (the “Investment Transfer Claim”).

III. PROPOSED SETTLEMENT

12. The Payson Trustee, Payson Debtors, LP Trustee, and LP Debtors have reached a settlement of issues asserted in the Adversary Proceeding and other claims that have or could have been asserted between the parties. Attached hereto as **Exhibit A** is a copy of the Settlement Agreement.²

13. **Agreed Final Judgment.** As explained in the Settlement Agreement, the parties will resolve the Adversary Proceeding by filing a Joint Motion for Entry of Agreed Final Judgment and will use their best efforts to have the Agreed Final Judgment entered by the Bankruptcy Court. The Agreed Final Judgment will, *inter alia*, provide that the Wellbore Interest Assignments are avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B) and grant judgment in favor of Payson Petroleum on its Breach of Turnkey Agreement Claim against 3 Well LP in the amount of \$8,557,888.50. *See* Exhibit 3 to Settlement Agreement.

14. **Conveyance of Interests in Subject Wells.** 3 Well LP and 2014 LP will reassign the avoided interests in the Subject Wells to Maricopa, which will continue to be operated by Traton until Maricopa sells those interests under 11 U.S.C. § 363. As explained in further detail

² To the extent of any inconsistency between the Settlement Agreement and the summary of that agreement set forth in this Joint Motion to Compromise, the terms of the Settlement Agreement control. This outline is not intended to repeat all terms of the Settlement Agreement and persons reading this Joint Motion to Compromise are encouraged to read the Settlement Agreement. Capitalized Terms used but not otherwise defined herein have the meaning ascribed to them in the Joint Motion to Compromise or the Settlement Agreement as applicable.

- Payson Petroleum shall hold an allowed unsecured claim in the 2014 LP bankruptcy case in the amount of \$2,671,900.50; and
- 3 Well LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement.

17. Releases. Except for claims expressly reserved in the Settlement Agreement, all claims or causes action between the parties will be released.

IV. RATIONALE

18. Benefit to Maricopa Estate. The Maricopa bankruptcy estate receives the following benefits from the settlement:

- the interests assigned to 3 Well LP via the Working Interest Assignments will be reassigned to Maricopa, and Maricopa will 55% of the Subject Wells Net Proceeds, plus a \$50,000 Operating Reserve to satisfy costs associated with operation of the Subject Wells; and
- except for claims expressly preserved under the Settlement Agreement, Maricopa's bankruptcy estate is released from claims which have been or could have been asserted against Maricopa by 3 Well LP.

19. Benefit to Payson Petroleum Estate. The Payson Petroleum bankruptcy estate receives the following benefits from the settlement:

- an allowed general unsecured claim in the 3 Well LP bankruptcy case in the amount of Eight Million Five Hundred Fifty-Seven Thousand Eight Hundred Eighty-Eight and 50/100 U.S. Dollars (\$8,557,888.50) on account of Payson Petroleum's Breach of Turnkey Agreement claim against 3 Well LP;
- Payson Petroleum is (i) granted standing and authority to enforce and prosecute 3 Well LP Avoidance Action Claims and 3 Well LP Partnership Related Claims (the "Subject Claims") and (ii) will hold a fifty percent (50%) participation interest in net recoveries from the Subject Claims as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, Payson Petroleum's bankruptcy estate is released from claims which have been or could have been asserted against Payson Petroleum by 3 Well LP.

20. Benefit to Payson Operating Estate. Except for claims expressly preserved under the Settlement Agreement, Payson Operating's bankruptcy estate is released from claims which have been or could have been asserted against Payson Operating by 3 Well LP.

21. Benefit to 3 Well LP Estate. The 3 Well LP bankruptcy estate receives the following benefits from the settlement:

- 3 Well LP will obtain 12.5055% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 27.78916% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;
- 3 Well LP will retain a fifty percent (50%) interest in all 3 Well LP Avoidance Action Claims Net Recovery and 3 Well LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; and
- except for claims expressly preserved under the Settlement Agreement, 3 Well LP's bankruptcy estate is released from claims which have been or could have been asserted against 3 Well LP by Payson Petroleum, Payson Operating, and/or Maricopa.

V. RELIEF REQUESTED

22. The Payson Trustee and LP Trustee respectfully request that the Court approve the proposed Settlement Agreement attached hereto as Exhibit A and grant them such other and further relief to which they may be entitled.

VI. BASIS FOR RELIEF

23. Bankruptcy Courts are “empowered to approve a compromise settlement of a debtor’s claim under Bankruptcy Rule 9019(a).” *Official Comm. of Unsecured Creditors v. Cajun Electric Power Coop., Inc. (In re Cajun Elec. Power Coop., Inc.)*, 119 F.3d 349, 355 (5th Cir. 1997). “Approval should only be given if the settlement is fair and equitable and in the best interest of the estate.” *Id.* (internal quotes & cite omitted). “In deciding whether a settlement of litigation is fair and equitable, a judge in bankruptcy must make a well-informed decision, ‘comparing the terms of the compromise with the likely rewards of litigation.’” *Id.* at 356 (quoting *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980)). Courts consider the

following factors in determining whether a settlement is fair and equitable “(1) [t]he probability of success in the litigation, with due consideration for the uncertainty in fact and law, (2) [t]he complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (3) all other factors bearing on the wisdom of the compromise.” *Id.*

24. The factors support granting the Joint Motion to Compromise. First, the disputes are hotly contested and would require lengthy and likely expensive litigation to resolve, and the Settlement Agreement was reached after good-faith, contentious, and arms-length negotiations. The Payson Trustee and LP Trustee desire to avoid lengthy litigation between the respective bankruptcy estates so they can focus on enhancing the value of those estates for the benefit of creditors. Litigation would be expensive and involve, *inter alia*, complex factual issues regarding the value of the property transferred and solvency of the various bankruptcy estates. The Settlement Agreement, on the other hand, allows the Payson Trustee to distribute hydrocarbon proceeds currently held in suspense and initiate a sales process to monetize the Subject Wells for the benefit of creditors of Maricopa and 3 Well LP. Additionally, the Settlement Agreement (i) reduces 3 Well LP’s liability for failing to pay Payson Petroleum amounts owed under the Turnkey Agreement by fifty percent (50%), (ii) provides an arrangement for coordinated prosecution of avoidance actions and sharing in the proceeds of the same, and (iii) eliminates the potential that the LP Trustee and Payson Trustee would pursue substantially similar claims against partners of 3 Well LP in different proceedings and forums. In sum, the Payson Trustee and LP Trustee believe the Settlement Agreement is in the best interests of their respective bankruptcy estates and should be approved. *See* Affidavit of Jason R. Searcy, attached as **Exhibit B** and Affidavit of Christopher J. Moser, attached as **Exhibit C**.

25. A proposed agreed order is attached hereto as **Exhibit D**.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Jason R. Searcy, Chapter 11 Trustee for the bankruptcy estates of Payson Petroleum, Inc., Payson Operating, LLC, and Maricopa Resources, LLC and Christopher J. Moser, Chapter 7 Trustee for the bankruptcy estate of Payson Petroleum 3 Well, L.P. respectfully request that the Court approve the Agreement and grant them such other and further relief to which they may be justly entitled.

Dated: ____, 2017

Respectfully submitted,

By: /s/

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State Bar No. 18812600
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**COUNSEL FOR JASON R. SEARCY,
CHAPTER 11 TRUSTEE FOR PAYSON
PETROLEUM, INC., PAYSON
OPERATING, LLC, AND MARICOPA
RESOURCES, LLC**

By: /s/

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**COUNSEL FOR CHRISTOPHER J.
MOSER, CHAPTER 7 TRUSTEE FOR
PAYSON PETROLEUM 3 WELL, L.P.**

EXHIBIT A TO SETTLEMENT MOTION

SETTLEMENT AGREEMENT

[INTENTIONALLY LEFT BLANK]



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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IN RE: PAYSON PETROLEUM 3 WELL, L.P., DEBTOR.	§ § § § §	Case No. 17-40179 Chapter 7
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IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
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**AFFIDAVIT OF JASON R. SEARCY
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
 §
COUNTY OF GREGG §

BEFORE ME, the undersigned authority, on this day personally appeared Jason R. Searcy, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Jason R. Searcy. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas, the United States Fifth Circuit Court of Appeals and the United States Supreme Court. I am the Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 ("Payson Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 and based on my best belief and information, the

proposed settlement obtains for the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

Further, Affiant sayeth not.

Jason R. Searcy
Payson Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**



IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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IN RE: PAYSON PETROLEUM 3 WELL, L.P., DEBTOR.	§ § § § §	Case No. 17-40179 Chapter 7
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IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
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**AFFIDAVIT OF CHRISTOPHER J. MOSER
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Christopher J. Moser, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Christopher J. Moser. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas and the United States Fifth Circuit of Appeals. I am the Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 ("LP Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 ("Motion") and based on my best belief and information, the proposed settlement obtains for

the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

It is my professional opinion that the settlement agreement reflected in the Motion is in the best interest of the estate and comports with the settlement standards of *Protective Comm. For Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. Reh'g denied, 391 U.S. 909 (1968) and of *River City vs. Herpel, (In re Jackson Brewing Co.)*, 624 F.2d 599, 602-603 (5th Cir. 1980). Accordingly, the settlement should be approved.

Further, Affiant sayeth not.

Christopher J. Moser
LP Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, LP,	§	Case No. 17-40179
	§	Chapter 7
DEBTOR.	§	

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. (“Debtor”) in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the “Hearing”); and the Court having determined that the legal and factual basis set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.
3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.
4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.
5. The 3 Well LP Subject Claims Assignment and Participation Agreement attached

7. A general unsecured claim of Payson Petroleum against 3 Well LP is hereby allowed in the amount of Eight Million Five Hundred Fifty-Seven Thousand Eight Hundred Eighty-Eight and 50/100 U.S. Dollars (\$8,557,888.50).

9. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the 3 Well LP Avoidance Action Claims Net Recovery and the 3 Well LP Partnership Related Claims Net Recovery as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement.

10. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the 3 Well LP Avoidance Action Claims and the 3 Well LP Partnership Related Claims without further order of this Court. Payson Petroleum is hereby appointed the representative of the 3 Well LP bankruptcy estate for purposes of prosecuting the 3 Well LP Avoidance Action Claims and the

3 Well LP Partnership Related Claims pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 3 Well LP Avoidance Action Claims, 3 Well LP Partnership Related Claims, or Payson/3 Well LP Partnership Related Claims as those terms are defined in the 3 Well LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 3 Well LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 3 Well LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 3 Well LP Partnership Related Claims, the 3 Well LP Avoidance Action Claims and the Payson/3 Well LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 3 Well LP Partnership Related Claims or the 3 Well LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL 2014, L.P.,	§	Case No. 17-40180
	§	
DEBTOR.	§	Chapter 7
	§	

**JOINT MOTION TO APPROVE COMPROMISE AND SETTLEMENT PURSUANT
TO BANKRUPTCY RULE 9019**

NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AND SERVED UPON THE PARTY FILING THIS PLEADING WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH OBJECTION. IF NO OBJECTION IS TIMELY SERVED AND FILED, THIS PLEADING SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF AN OBJECTION IS FILED AND SERVED IN A TIMELY MANNER, THE COURT WILL THEREAFTER SET A HEARING. IF YOU FAIL TO APPEAR AT THE HEARING, YOUR OBJECTION MAY BE STRICKEN. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

TO THE HONORABLE BRENDA RHOADES, U. S. BANKRUPTCY JUDGE:

COME NOW Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 (the “Payson Trustee”) and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 (the “LP Trustee”) to file their *Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019* (the “Joint Motion to Compromise”), and in support thereof, respectfully show unto the Court the following:

I.

PROCEDURAL STATUS

1. Payson Debtor Bankruptcy Filings. On June 10, 2016, Payson Petroleum, Inc. (“Payson Petroleum”), Payson Operating, LLC (“Payson Operating”), and Maricopa Resources, LLC (“Maricopa”) filed voluntary petitions under Chapter 7 of the United States Bankruptcy Code (the “Bankruptcy Code”) in this Bankruptcy Court.¹ See Docket No. 1 in Bankruptcy Case Nos. 16-41043, 16-40144, and 16-40145. On July 12, 2016, the Bankruptcy Court entered orders converting the Payson Debtors’ bankruptcy cases to cases under Chapter 11 of the Bankruptcy Code. See Docket No. 39 in Case No. 16-41043, Docket No. 33 in Case No. 16-40144, and Docket No. 41 in Case No. 16-40145. On July 18, 2016, the Bankruptcy Court entered orders approving the United States Trustee’s applications to appoint the Payson Trustee as the Chapter 11 Trustee in the Payson Debtors’ bankruptcy cases. See Docket No. 55 in Case No. 16-41043, Docket No. 50 in Case No. 16-40144, and Docket No. 57 in Case No. 16-41045. On August 11, 2016, the Bankruptcy Court ordered the joint administration of the Payson Debtors’ bankruptcy cases under Case No. 16-41044. See Docket No. 75 in Case No. 16-41043, Docket No. 73 in Case No. 16-41044, and Docket No. 81 in Case No. 16-41045.

2. Adversary Proceeding. On November 1, 2016, the Payson Trustee filed his *Complaint to Avoid and Recover Transfers Pursuant to 11 U.S.C. §§ 548, 547, and 550* in Adversary Proceeding No. 16-04106 (the “Adversary Proceeding”) against Payson Petroleum 3 Well, LP (“3 Well LP”) and Payson Petroleum 3 Well 2014, L.P. (“2014 LP”).

3. LP Debtor Bankruptcy Filings. On January 31, 2017, 3 Well LP and 2014 LP (collectively, the “LP Debtors”) filed voluntary petitions under Chapter 7 of the Bankruptcy Code. See Docket No. 1 in Case No. 17-40179 and Docket No. 1 in Case No. 17-40180. LP Trustee was

¹ Collectively, Payson Petroleum, Payson Operating, and Maricopa are the “Payson Debtors.”

appointed as Chapter 7 Trustee for the LP Debtors.

4. Stay Issues. On February 21, 2017, LP Trustee filed his *Certificate of Notice of Bankruptcy Filing and Stay* in the Adversary Proceeding. See Docket No. 24 in Adversary Proceeding. On June 21, 2017, the Bankruptcy Court entered its *Agreed Order Granting Motion to Lift Stay* in LP Debtor's bankruptcy cases which, *inter alia*, provides that the parties are "granted relief from the automatic stay ... to continue with and fully litigate claims that are or could be pled" in the Adversary Proceeding. Docket No. 26 in Case No. 17-40180 and Docket No. 29 in Case No. 17-40179.

5. Amended Complaint. On July 13, 2017, Payson Trustee filed his *First Amended Complaint* in the Adversary Proceeding. See Docket No. 25 in Adversary Proceeding.

6. Jurisdiction & Venue. This Court has jurisdiction over the subject matter of this Joint Motion to Compromise pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

II. FACTUAL BACKGROUND

7. Nature of Payson Debtors' Businesses. Matthew C. Griffin ("Griffin") formed Payson Petroleum in 2008 to, *inter alia*, (i) promote the sale of interests in limited partnerships and (ii) operate oil and gas wells for such limited partnerships. Griffin formed Payson Operating in 2010 to act as a contract operator for Payson Petroleum. Griffin formed Maricopa in 2012 to, *inter alia*, engage in the acquisition and sale of Grayson County, Texas oil and gas leases.

8. Nature of 2014 LP's Business. Payson Petroleum Grayson, LLC formed 2014 LP in 2014 to, *inter alia*, drill, complete, and own interests in the Subject Wells.

9. Turnkey Agreements. On or about January 12, 2014, Payson Petroleum and 2014 LP entered into a Subscription Turn Key Agreement under which 2014 LP agreed to pay Payson

Petroleum certain amounts for the drilling and completion of the Subject Wells (the “Turnkey Agreement”). In the Adversary Proceeding, Payson Petroleum asserts a claim for breach of the Turnkey Agreement against 2014 LP in the amount of \$5,343,803 (the “Breach of Turnkey Agreement Claim”).

10. Working Interest Assignments. On or about Marcy 28, 2016, Maricopa assigned certain interests in the Williams #1H (API # 181-31557), Crowe #2 (API #181-31543), and Elaine #1 (API #181-31547) (collectively the “Subject Wells”) to 3 Well LP and 2014 LP via three (3) certain Wellbore Assignments, Conveyances, Bills of Sale, and Releases, which were recorded in the real property records of Grayson County, Texas at Instrument Numbers: 2016-00006064, 2016-00006065, and 2016-00006066. The working interests assigned are set forth below:

Subject Well	Assignee	Working Interest Assigned
Williams #1H Well	2014 LP	72.210840%
Williams #1H Well	3 Well LP	27.789160%
Crowe #2 Well	2014 LP	72.210840%
Crowe #2 Well	3 Well LP	27.789160%
Elaine #1 Well	2014 LP	72.210840%
Elaine #1 Well	3 Well LP	27.789160%

(collectively the “Working Interest Assignments”). In the Adversary Proceeding, Maricopa asserts claims under 11 U.S.C. §§ 547, 548, and 550 and Chapter 24 of the Texas Business and Commerce Code against 2014 LP for avoidance of the Working Interest Assignments and recovery of the interests transferred to 2014 LP or their value. Post-bankruptcy petition production revenue attributable to the Working Interest Assignments has been held by Traton Operating Company (“Traton”), the Payson Trustee’s approved contract operating company.

11. Additional Avoidable Transfers. In addition to the Working Interest Assignments, Payson Petroleum transferred \$2,862,000 to 2014 LP between January and February 2014 in

exchange for interest in that limited partnership that Payson Petroleum knew or should have known were worth far less than the amounts transferred (the “Investment Transfers”). In the Adversary Proceeding, the Payson Trustee asserts claims under 11 U.S.C. § 544 and 550 and Chapter 24 of the Texas Business and Commerce Code to avoid and recover the Investment Transfers from 2014 LP (the “Investment Transfer Claim”).

III. **PROPOSED SETTLEMENT**

12. The Payson Trustee, Payson Debtors, LP Trustee, and LP Debtors have reached a settlement of issues asserted in the Adversary Proceeding and other claims that have or could have been asserted between the parties. Attached hereto as **Exhibit A** is a copy of the Settlement Agreement.²

13. **Agreed Final Judgment.** As explained in the Settlement Agreement, the parties will resolve the Adversary Proceeding by filing a Joint Motion for Entry of Agreed Final Judgment and will use their best efforts to have the Agreed Final Judgment entered by the Bankruptcy Court. The Agreed Final Judgment will, *inter alia*, provide that the Wellbore Interest Assignments are avoided and set aside under 11 U.S.C. § 548(a)(1)(A) & (B) and grant judgment in favor of Payson Petroleum on its Breach of Turnkey Agreement Claim against 2014 LP in the amount of \$2,671,900.50. *See* Exhibit 3 to Settlement Agreement.

14. **Conveyance of Interests in Subject Wells.** 3 Well LP and 2014 LP will reassign the avoided interests in the Subject Wells to Maricopa, which will continue to be operated by Traton until Maricopa sells those interests under 11 U.S.C. § 363. As explained in further detail

² To the extent of any inconsistency between the Settlement Agreement and the summary of that agreement set forth in this Joint Motion to Compromise, the terms of the Settlement Agreement control. This outline is not intended to repeat all terms of the Settlement Agreement and persons reading this Joint Motion to Compromise are encouraged to read the Settlement Agreement. Capitalized Terms used but not otherwise defined herein have the meaning ascribed to them in the Joint Motion to Compromise or the Settlement Agreement as applicable.

- Payson Petroleum shall hold an allowed unsecured claim in the 2014 LP bankruptcy case in the amount of \$2,671,900.50; and
- 2014 LP shall hold an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Net Well Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement.

17. Releases. Except for claims expressly reserved in the Settlement Agreement, all claims or causes action between the parties will be released.

- 2014 LP will obtain 32.4945% of the Subject Wells Net Proceeds;
- an allowed general unsecured claim in the Maricopa bankruptcy case in an amount equal to 72.21084% of the Subject Wells Net Proceeds actually delivered to Maricopa pursuant to the Settlement Agreement;
- 2014 LP will retain a fifty percent (50%) interest in all 2014 LP Avoidance Action Claims Net Recovery and 2014 LP Partnership Related Claims Net Recovery as further described in the Settlement Agreement and Claims Assignment and Participation Agreement; *and*
- except for claims expressly preserved under the Settlement Agreement, 2014 LP's bankruptcy estate is released from claims which have been or could have been asserted against 2014 LP by Payson Petroleum, Payson Operating, and/or Maricopa.

V. RELIEF REQUESTED

22. The Payson Trustee and LP Trustee respectfully request that the Court approve the proposed Settlement Agreement attached hereto as Exhibit A and grant them such other and further relief to which they may be entitled.

VI. BASIS FOR RELIEF

23. Bankruptcy Courts are “empowered to approve a compromise settlement of a debtor’s claim under Bankruptcy Rule 9019(a).” *Official Comm. of Unsecured Creditors v. Cajun Electric Power Coop., Inc. (In re Cajun Elec. Power Coop., Inc.)*, 119 F.3d 349, 355 (5th Cir. 1997). “Approval should only be given if the settlement is fair and equitable and in the best interest of the estate.” *Id.* (internal quotes & cite omitted). “In deciding whether a settlement of litigation is fair and equitable, a judge in bankruptcy must make a well-informed decision, ‘comparing the terms of the compromise with the likely rewards of litigation.’” *Id.* at 356 (quoting *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980)). Courts consider the

following factors in determining whether a settlement is fair and equitable “(1) [t]he probability of success in the litigation, with due consideration for the uncertainty in fact and law, (2) [t]he complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (3) all other factors bearing on the wisdom of the compromise.” *Id.*

24. The factors support granting the Joint Motion to Compromise. First, the disputes are hotly contested and would require lengthy and likely expensive litigation to resolve, and the Settlement Agreement was reached after good-faith, contentious, and arms-length negotiations. The Payson Trustee and LP Trustee desire to avoid lengthy litigation between the respective bankruptcy estates so they can focus on enhancing the value of those estates for the benefit of creditors. Litigation would be expensive and involve, *inter alia*, complex factual issues regarding the value of the property transferred and solvency of the various bankruptcy estates. The Settlement Agreement, on the other hand, allows the Payson Trustee to distribute hydrocarbon proceeds currently held in suspense and initiate a sales process to monetize the Subject Wells for the benefit of creditors of Maricopa and 2014 LP. Additionally, the Settlement Agreement (i) reduces 2014 LP’s liability for failing to pay Payson Petroleum amounts owed under the Turnkey Agreement by fifty percent (50%), (ii) provides an arrangement for coordinated prosecution of avoidance actions and sharing in the proceeds of the same, and (iii) eliminates the potential that the LP Trustee and Payson Trustee would pursue substantially similar claims against partners of 2014 LP in different proceedings and forums. In sum, the Payson Trustee and LP Trustee believe the Settlement Agreement is in the best interests of their respective bankruptcy estates and should be approved. *See* Affidavit of Jason R. Searcy, attached as **Exhibit B** and Affidavit of Christopher J. Moser, attached as **Exhibit C**.

25. A proposed agreed order is attached hereto as **Exhibit D**.

Page 10

Dated: ___, 2017

Respectfully submitted,

By: /s/

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**COUNSEL FOR JASON R. SEARCY,
CHAPTER 11 TRUSTEE FOR PAYSON
PETROLEUM, INC., PAYSON
OPERATING, LLC, AND MARICOPA
RESOURCES, LLC**

By: /s/

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**COUNSEL FOR CHRISTOPHER J.
MOSER, CHAPTER 7 TRUSTEE FOR
PAYSON PETROLEUM 3 WELL, L.P.
AND PAYSON PETROLEUM 3 WELL
2014, L.P.**

CERTIFICATE OF SERVICE

The undersigned certifies that on __, 2017, a true and correct copy of this document was served (i) via the Court's electronic case filing system upon the parties listed below or by email listed below, (ii) via the Court's electronic case filing system for Eastern District of Texas upon all parties requesting electronic notice of all filings and (iii) via regular First Class Mail, properly addressed and postage prepaid, upon all parties listed on the Master Service List attached hereto.

Debtors Payson Petroleum, Inc., Payson Operating,
LLC, and Maricopa Resources, LLC

Mark A. Weisbart
12770 Coil Road, Suite 541
Dallas, TX 75251
weisbartm@earthlink.net,
TX56@ecfbis.com;mweisbart@ecf.epiqsystems.com,
tarah_simmons@earthlink.net

Debtors Payson Petroleum 3 Well ,
LP and Payson Petroleum 3 Well
2014, LP

1757 Harpsichord Way
Henderson, NV 89012

Dan Chern
The Law Offices of Dan Chern
12801 N. Central Expressway, Suite 1558
Dallas, Texas 75243
dbc@dchern.com

Daniel P. Winikka
12377 Merit Drive, Ste. 900
Dallas, TX 75251
danw@LFDSLAW.com

US Trustee
Office of the US Trustee
110 N. College Ave, #300
Tyler, TX 75702
USTPRegion06.TY.ECF@USDOJ.GOV

/s/ _____
Blake Hamm

EXHIBIT A TO SETTLEMENT MOTION

SETTLEMENT AGREEMENT

[INTENTIONALLY LEFT BLANK]

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**



IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, L.P.,	§	Case No. 17-40179
	§	Chapter 7
DEBTOR.	§	

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL 2014,	§	Case No. 17-40180
L.P.,	§	Chapter 7
	§	
DEBTOR.	§	

**AFFIDAVIT OF JASON R. SEARCY
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
§
COUNTY OF GREGG §

BEFORE ME, the undersigned authority, on this day personally appeared Jason R. Searcy, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Jason R. Searcy. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas, the United States Fifth Circuit Court of Appeals and the United States Supreme Court. I am the Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 (“Payson Trustee”). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 and based on my best belief and information, the

proposed settlement obtains for the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

Further, Affiant sayeth not.

Jason R. Searcy
Payson Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
---	---------------------------------	--

IN RE: PAYSON PETROLEUM 3 WELL, L.P., DEBTOR.	§ § § § §	Case No. 17-40179 Chapter 7
--	-----------------------	--

IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
---	----------------------------	--

**AFFIDAVIT OF CHRISTOPHER J. MOSER
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Christopher J. Moser, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Christopher J. Moser. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas and the United States Fifth Circuit of Appeals. I am the Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 ("LP Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 ("Motion") and based on my best belief and information, the proposed settlement obtains for

the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

It is my professional opinion that the settlement agreement reflected in the Motion is in the best interest of the estate and comports with the settlement standards of *Protective Comm. For Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. Reh'g denied, 391 U.S. 909 (1968) and of *River City vs. Herpel, (In re Jackson Brewing Co.)*, 624 F.2d 599, 602-603 (5th Cir. 1980). Accordingly, the settlement should be approved.

Further, Affiant sayeth not.

Christopher J. Moser
LP Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this ____ day of _____, 2017,
to certify with witness my hand and official seal.

NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL 2014, LP,	§	Case No. 17-40180
	§	Chapter 7
DEBTOR.	§	

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. (“Debtor”) in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

1. The Motion is GRANTED as set forth herein.
2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties in interest according to its terms as if set forth fully in this Order.

3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.

4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.

Page 2

7. A general unsecured claim of Payson Petroleum against 2014 LP is hereby allowed in the amount of Two Million Six Hundred Seventy-One Thousand Nine Hundred and 50/100 U.S. Dollars (\$2,671,900.50).

9. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the 2014 LP Avoidance Action Claims Net Recovery and the 2014 LP Partnership Related Claims Net Recovery as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement.

10. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims without further order of this Court. Payson Petroleum is hereby appointed the representative of the 2014 LP bankruptcy estate for purposes of prosecuting the 2014 LP Avoidance Action Claims and the 2014

LP Partnership Related Claims pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 2014 LP Avoidance Action Claims, 2014 LP Partnership Related Claims, or Payson/2014 LP Partnership Related Claims as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 2014 LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 2014 LP Partnership Related Claims or the 2014 LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

SUBMITTED BY:

/s/
Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

AGREED TO IN FORM AND SUBSTANCE BY:

/s/
Phil Snow
State Bar No. 18812600
Blake Hamm
State Bar No. 24069869
SNOW SPENCE GREEN LLP
2929 Allen Parkway, Suite 2800
Houston, Texas 77019
(713) 335-4800
(713) 335-4848 (Fax)

**COUNSEL FOR JASON R. SEARCY, CHAPTER 11 TRUSTEE
FOR PAYSON PETROLEUM, INC., PAYSON OPERATING, LLC,
AND MARICOPA RESOURCES, LLC**

/s/
Keith W. Harvey
State Bar No. 09180100
THE HARVEY LAW FIRM, P.C.
6510 Abrams Road
Suite 280
Dallas, Texas 75231
(972) 243-3960 Phone
(972)-241-3970 Facsimile

**COUNSEL FOR CHRISTOPHER J. MOSER, CHAPTER 7 TRUSTEE
FOR PAYSON PETROLEUM 3 WELL, L.P. AND
PAYSON PETROLEUM 3 WELL 2014, L.P.**

I:\Client\SEAJ1001-Searcy-Payson\Adversary Proceedings\16-04106 3 Well LP & 3 Well 2014 LP\Settlement\Settlement Agreement-Execution
Copy\Ex 7 Settlement Motions\17-40180\20170905 Agreed Order Granting 9019 Motion 17-40180.docx

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

EXHIBIT 8 TO SETTLEMENT AGREEMENT

SUBJECT WELLS ASSIGNMENTS

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

ASSIGNMENT, CONVEYANCE AND BILL OF SALE

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS that the undersigned Payson Petroleum 3 Well 2014, L.P., whose address is c/o Christopher J. Moser, Chapter 7 Trustee, Quilling, Selander, Lownds, Winslett & Moser, P.C., 2001 Bryan Street, Ste. 1800, Dallas, TX 75201 (the "Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, does hereby BARGAIN, SELL, GRANT, ASSIGN and CONVEY unto Maricopa Resources, LLC, whose address is c/o Jason R. Searcy, Chapter 11 Trustee, Searcy & Searcy, P.C., 446 Forest Square, Longview, Texas 75605 (the "Assignee"), all of Assignor's right, title and interest in and to the wells and wellbores described herein.

DEFINITIONS

1.01 Defined Terms. The following terms, as used in this Assignment, shall have the meanings indicated below, unless the context otherwise requires:

"Crowe #2 Well" means the Crowe #2 (API #181-31543) and associated wellbore, with a surface location situated at latitude 33° 49' 10" – north, longitude 96° 41' 55" – west, in Section 11, Block 1, 11, 15, 16, the South 79 acres of the Wood & Buckles Survey, Abstract 1373, Grayson County, Texas.

"Elaine #1 Well" means the Elaine #1 (API #181-31547) and associated wellbore, with a surface location situated at latitude 33° 44' 55" – north, longitude 96° 41' 02" – west, in Section 26, Block 1, 11, 15, 16, the East half of the J.C. Wade Survey, Abstract 1382, Grayson County, Texas.

"Effective Date" means September __, 2017.

"Wells" means, collectively, the Crow #2 Well, the Elaine #1 Well and the Williams #1H Well.

"Williams #1H Well" means the Williams #1H (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of Section 26, Block 1, 11, 15, 16, the JM Dodgin Survey, Abstract 378, Grayson County, Texas.

ASSIGNMENT AND AGREEMENT

For valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor sells, assigns, transfers, delivers, and conveys to Assignee the following, all of which are collectively called the "Assets".

a. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006066, Book OR, Vol. 5779, Pg. 404, in the Crowe #2 Well.

4. No Third-Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify or limit the rights of Assignor or Assignee, as between themselves.

5. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignee, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignee as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

[Signature Page Follows]

EXECUTED on this _____ day of _____ 2017.

ASSIGNOR:

PAYSON PETROLEUM 3 WELL 2014, L.P.

By: _____
Christopher J. Moser, Chapter 7 Trustee

ASSIGNEE:

MARICOPA RESOURCES, LLC

By: _____
Jason R. Searcy, Chapter 11 Trustee

STATE OF TEXAS §
 §
COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this _____ day of _____ 2017, personally appeared Christopher J. Moser, the Chapter 7 Trustee of **PAYSON PETROLEUM 3 WELL, L.P.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Notary Public in and for State of Texas
My Commission Expires: _____

STATE OF TEXAS §
 §
COUNTY OF GREGG §

BEFORE ME, the undersigned authority, on this _____ day of _____ 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **MARICOPA RESOURCES, LLC**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Notary Public in and for State of Texas
My Commission Expires: _____

I:\Client\SEAJ1001-Searcy-Payson\Adversary Proceedings\16-04106 3 Well LP & 3 Well 2014 LP\Settlement\Settlement Agreement-Execution Copy\Ex 8 Subject Wells Assignments\Assignment 1_WIs_3Well.docx

County	Lessor	Lessee	Instrument Filed	Volume /Page	Effective Date
Grayson	Nancy T. Cutter Revocable Trust	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/291	5/1/2011
Grayson	Linley T. Solari Revocable Trust	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/284	5/1/2011
Grayson	Solari Luz, LLC	Texas Land & Petroleum Company, LLC	Ratification of Oil and Gas Lease	5043/663	5/1/2011

I:\Client\SEAJ1001-Searcy-Payson\Adversary Proceedings\16-04106 3 Well LP & 3 Well 2014 LP\Settlement\Settlement Agreement-Execution Copy\Ex 8 Subject Wells Assignments\EXHIBIT A-1.docx

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Kathy Reed	Maricopa Resources, LLC	5464/927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464/931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464/915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464/923	2/24/2014
Grayson	Carin Isabel Knoop	Maricopa Resources, LLC	5464/910	4/7/2014
Grayson	Preston 150 Joint Venture	Maricopa Resources, LLC	5521/166	3/24/2014

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Linda Buechner Byrne	TLPC Holdings, Ltd.	5411/536	11/18/2013
Grayson	Steven Buechner	TLPC Holdings, Ltd.	5411/532	11/18/2013
Grayson	C. Suzanne Buechner, Individually and as Executor of Estate of Barry L. Buechner	TLPC Holdings, Ltd.	5411/540	11/18/2013
Grayson	Kennedy & Minshew, PC	TLPC Holdings, Ltd.	5049/747	11/10/2011
Grayson	Kenneth Dolezalek	TLPC Holdings, Ltd.	5061/139	9/30/2011
Grayson	Louie A. Hattensy, Jr.	TLPC Holdings, Ltd.	5057/937	11/10/2011
Grayson	Bessie M. Dolezalek	TLPC Holdings, Ltd.	5031/870	9/30/2011
Grayson	Barbara B. Vogelsang	TLPC Holdings, Ltd.	5031/846	9/30/2011
Grayson	Burgess E. Buchanan, Jr.	TLPC Holdings, Ltd.	5031/854	9/30/2011
Grayson	John Yates Buchanan	TLPC Holdings, Ltd.	5031/862	9/30/2011
Grayson	Susan R. Greene	TLPC Holdings, Ltd.	5031/398	8/18/2011
Grayson	Hugh Ringgold	TLPC Holdings, Ltd.	5031/390	8/18/2011
Grayson	Kathryn Michelle Looney	TLPC Holdings, Ltd.	5034/673	9/30/2011
Grayson	Anita Anderson, Power of Attorney for Gary Michael Looney	TLPC Holdings, Ltd.	5034/665	9/30/2011
Grayson	Charles Evans	TLPC Holdings, Ltd.	5036/856	9/30/2011
Grayson	John F. Evans	TLPC Holdings, Ltd.	5031/406	9/30/2011
Grayson	Robert Yates Evans Jr.	TLPC Holdings, Ltd.	5031/414	9/30/2011
Grayson	SH Productions, Inc.	Maricopa Resources, LLC	5464/919	2/24/2014

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Kathy Reed	Maricopa Resources, LLC	5464/927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464/931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464/915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464/923	2/24/2014
Grayson	Endeavor Energy Resources, L.P.	OKT Resources, LLC	4981/402	2/1/2011
Grayson	Thomas W. Lett, Individually and as Trustee of the Sam Lett Testamentary Trust	OKT Resources, LLC	4418/520	2/1/2008
Grayson	Castello Enterprises, Inc.	OKT Resources, LLC	4980/156	2/1/2011
Grayson	Wilbur Lee Dean III	Matthew Avery	4296/513	4/18/2007
Grayson	Joseph Glen Dean	Matthew Avery	4296/506	4/18/2007
Grayson	Paula Marie Dean Halbach, aka Paula Marie Dean	Matthew Avery	4980/140	4/18/2007
Grayson	Landon Boyd Odle	Matthew Avery	4760/92	1/31/2007
Grayson	Douglas Kent Odle	Matthew Avery	4760/88	3/6/2007
Grayson	Gary Wayne Odle	Matthew Avery	4296/493	5/10/2007
Grayson	LaJuan Odle	Matthew Avery	4760/92	1/30/2007
Grayson	Pottsboro Church of Christ	Matthew Avery	4983/321	4/10/2011
Grayson	Vurlas Land Wilson, a/ka Verlas Lane Wilson and Margorie Marie Wilson	Matthew Avery	4296/469	4/27/2007
Grayson	John Robert Hooper	Paradise Springs, LLC	4993/305	2/12/2011
Grayson	Berdine Eberhart and Tom Eberhart	Matthew Avery	4296/441	4/27/2007
Grayson	Terry Lee Garofalo	Matthew Avery	4980/144	1/2/2011
Grayson	Ann W. Tracy, Trustee under the Ann W. Tracy Revocable Trust dated January 8, 1991	Matthew Avery	4296/457	6/27/2007
Grayson	Ilva Wilson, Ind and as Trustee of the JamesM. Wilson Jr and Ilva Wilson Family Trust	Matthew Avery	4297/46	6/27/2007
Grayson	Bobby C Wilson	Matthew Avery	4296/461	6/27/2007
Grayson	Peggy Ann Gehrig	Matthew Avery	4296/449	6/27/2007
Grayson	Thomas J. Wilson	Matthew Avery	4296/466	6/27/2007

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Lee Marjorie Hooper	Matthew Avery	4296/454	4/27/2007
Grayson	Berdine Eberhart and Tom Eberhart	Matthew Avery	4296/441	4/27/2007
Grayson	Terry Lee Garofalo	Matthew Avery	4296/445	4/27/2007
Grayson	Anadarko E&P Onshore, LLC	Paradise Springs, LLC	5355/704	8/28/2013
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5274/698	3/15/2013
Grayson	PCP Trust, Phillip C. Brown, Trustee and Philip Charles Brown	Paradise Springs, LLC	5274/701	3/15/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5367/400	9/10/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5002/826	8/21/2011
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5002/830	8/21/2011
Grayson	Philip C. Brown, aka Philip Charles Brown; PCB Trust	Paradise Springs, LLC	5002/834;838	8/21/2011

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ASSIGNMENT, CONVEYANCE AND BILL OF SALE

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

KNOW ALL MEN BY THESE PRESENTS that the undersigned Payson Petroleum 3 Well, L.P., whose address is c/o Christopher J. Moser, Chapter 7 Trustee, Quilling, Selander, Lownds, Winslett & Moser, P.C., 2001 Bryan Street, Ste. 1800, Dallas, TX 75201 (the "Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, does hereby BARGAIN, SELL, GRANT, ASSIGN and CONVEY unto Maricopa Resources, LLC, whose address is c/o Jason R. Searcy, Chapter 11 Trustee, Searcy & Searcy, P.C., 446 Forest Square, Longview, Texas 75605 (the "Assignee"), all of Assignor's right, title and interest in and to the wells and wellbores described herein.

DEFINITIONS

1.01 Defined Terms. The following terms, as used in this Assignment, shall have the meanings indicated below, unless the context otherwise requires:

"Crowe #2 Well" means the Crowe #2 (API #181-31543) and associated wellbore, with a surface location situated at latitude 33° 49' 10" – north, longitude 96° 41' 55" – west, in Section 11, Block 1, 11, 15, 16, the South 79 acres of the Wood & Buckles Survey, Abstract 1373, Grayson County, Texas.

"Elaine #1 Well" means the Elaine #1 (API #181-31547) and associated wellbore, with a surface location situated at latitude 33° 44' 55" – north, longitude 96° 41' 02" – west, in Section 26, Block 1, 11, 15, 16, the East half of the J.C. Wade Survey, Abstract 1382, Grayson County, Texas.

"Effective Date" means September __, 2017.

"Wells" means, collectively, the Crow #2 Well, the Elaine #1 Well and the Williams #1H Well.

"Williams #1H Well" means the Williams #1H (API #181-31557) and associated wellbore, with a surface location situated at latitude 33° 44' 41" – north, longitude 96° 41' 01" – west, in the east half of Section 26, Block 1, 11, 15, 16, the JM Dodgin Survey, Abstract 378, Grayson County, Texas.

ASSIGNMENT AND AGREEMENT

For valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor sells, assigns, transfers, delivers, and conveys to Assignee the following, all of which are collectively called the "Assets".

a. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006066, Book OR, Vol. 5779, Pg. 404, in the Crowe #2 Well.

b. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006065, Book OR, Vol. 5779, Pg. 397, in the Elaine #1 Well.

c. All right, title an interest acquired pursuant to the Wellbore, Assignment, Conveyance, Bill of Sale, and Release by and between Maricopa Resources, LLC, as assignor, and Payson Petroleum 3 Well, L.P., as assignee, recorded in the real property records of Grayson County, Texas at Instrument Number 2016-00006064, Book OR, Vol. 5779, Pg. 389, in the William #1H Well.

d. All right, title and interest in and to the oil and gas leases described in Exhibits A-1, A-2 and A-3 to this Assignment, insofar and only insofar as the leases cover the Wells, (collectively, the "Leases"), together with the leasehold rights as are necessary to operate, maintain, produce, and plug and abandon the Wells.

e. All right, title and interest in all personal property and fixtures associated with the Wells, including without limitation the following: all tubing, casing, and other equipment in the wellbores, wellhead equipment, gathering lines and surface production facilities.

f. All files and records relating to the items described in Paragraphs (a) through (f) maintained by Assignor and relating to the interests described in Paragraphs (a) through (f), but only to the extent not subject to unaffiliated third party contractual restrictions on disclosure or transfer.

To have and to hold the Assets unto Assignee, and Assignee's heirs, successors and assigns, forever.

Assignee and Assignor further agree as follows:

1. Title. Assignor warrants title to the Assets from and against all persons claiming by, through and under Assignor, but not otherwise.

2. Royalty Payments. Assignor shall be responsible for any and all liabilities, claims, and demands arising out of the accounting and payment of proceeds of production from the Wells to royalty owners and working interest owners, insofar as the same relate to or arise out of actions of Assignor or events prior to the Effective Date and shall defend, indemnify and hold Assignee harmless from and against all claims. Assignee shall be responsible for all types of claims insofar as they relate to periods of time from and after the Effective Date of this Assignment and shall indemnify and hold Assignor harmless therefrom.

3. Indemnification Claims. With respect to any claim for which an indemnifying party may be required to provide partial or full indemnity, the party shall have the right, but not the obligation, to participate fully in the defense of any claim. Reasonable attorneys' fees, court costs, interest, penalties and other expenses incurred in connection with the defense of claims shall be included in Assignee's and Assignor's indemnities. All indemnities of Assignee shall extend to and cover the parent, subsidiary and affiliated companies and the officers, directors, employees and agents of Assignor, and its subsidiary and affiliated companies.

4. No Third-Party Beneficiaries. The references in this Assignment to liens, encumbrances, burdens, defects, and other matters shall not be deemed to ratify or create any rights in any third parties or merge with, modify or limit the rights of Assignor or Assignee, as between themselves.

5. Successors and Assigns. This Assignment and all of the terms, provisions, covenants, obligations and indemnities it contains shall be binding on and inure to the benefit of and be enforceable by the Assignor, Assignee, and their respective successors and assigns.

This Assignment is executed by Assignor and Assignee as of the date of acknowledgment of their signatures below, but shall be deemed effective for all purposes as of the Effective Date stated above.

[Signature Page Follows]

EXECUTED on this _____ day of _____ 2017.

ASSIGNOR:

PAYSON PETROLEUM 3 WELL, L.P.

By: _____
Christopher J. Moser, Chapter 7 Trustee

ASSIGNEE:

MARICOPA RESOURCES, LLC

By: Jason R. Searcy, Chapter 11 Trustee

STATE OF TEXAS §
COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this _____ day of _____ 2017, personally appeared Christopher J. Moser, the Chapter 7 Trustee of **PAYSON PETROLEUM 3 WELL, L.P.**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Notary Public in and for State of Texas
My Commission Expires: _____

STATE OF TEXAS §
COUNTY OF GREGG §

BEFORE ME, the undersigned authority, on this _____ day of _____ 2017, personally appeared Jason R. Searcy, the Chapter 11 Trustee of **MARICOPA RESOURCES, LLC**, whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Notary Public in and for State of Texas
My Commission Expires: _____

County	Lessor	Lessee	Instrument Filed	Volume /Page	Effective Date
Grayson	Nancy T. Cutter Revocable Trust	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/291	5/1/2011
Grayson	Linley T. Solari Revocable Trust	Texas Land & Petroleum Company, LLC	Memorandum of Oil and Gas Lease	4956/284	5/1/2011
Grayson	Solari Luz, LLC	Texas Land & Petroleum Company, LLC	Ratification of Oil and Gas Lease	5043/663	5/1/2011

I:\Client\SEAJ1001-Searcy-Payson\Adversary Proceedings\16-04106 3 Well LP & 3 Well 2014 LP\Settlement\Settlement Agreement-Execution
Copy\Ex 8 Subject Wells Assignments\EXHIBIT A-1.docx

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Kathy Reed	Maricopa Resources, LLC	5464/927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464/931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464/915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464/923	2/24/2014
Grayson	Carin Isabel Knoop	Maricopa Resources, LLC	5464/910	4/7/2014
Grayson	Preston 150 Joint Venture	Maricopa Resources, LLC	5521/166	3/24/2014

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Kathy Reed	Maricopa Resources, LLC	5464/927	2/24/2014
Grayson	Kirk E Reed	Maricopa Resources, LLC	5464/931	2/24/2014
Grayson	Southstar Energy Corp	Maricopa Resources, LLC	5464/915	2/24/2014
Grayson	Washita Mineral Co	Maricopa Resources, LLC	5464/923	2/24/2014
Grayson	Endeavor Energy Resources, L.P.	OKT Resources, LLC	4981/402	2/1/2011
Grayson	Thomas W. Lett, Individually and as Trustee of the Sam Lett Testamentary Trust	OKT Resources, LLC	4418/520	2/1/2008
Grayson	Castello Enterprises, Inc.	OKT Resources, LLC	4980/156	2/1/2011
Grayson	Wilbur Lee Dean III	Matthew Avery	4296/513	4/18/2007
Grayson	Joseph Glen Dean	Matthew Avery	4296/506	4/18/2007
Grayson	Paula Marie Dean Halbach, aka Paula Marie Dean	Matthew Avery	4980/140	4/18/2007
Grayson	Landon Boyd Odle	Matthew Avery	4760/92	1/31/2007
Grayson	Douglas Kent Odle	Matthew Avery	4760/88	3/6/2007
Grayson	Gary Wayne Odle	Matthew Avery	4296/493	5/10/2007
Grayson	LaJuan Odle	Matthew Avery	4760/92	1/30/2007
Grayson	Pottsboro Church of Christ	Matthew Avery	4983/321	4/10/2011
Grayson	Vurlas Land Wilson, a/ka Verlas Lane Wilson and Margorie Marie Wilson	Matthew Avery	4296/469	4/27/2007
Grayson	John Robert Hooper	Paradise Springs, LLC	4993/305	2/12/2011
Grayson	Berdine Eberhart and Tom Eberhart	Matthew Avery	4296/441	4/27/2007
Grayson	Terry Lee Garofalo	Matthew Avery	4980/144	1/2/2011
Grayson	Ann W. Tracy, Trustee under the Ann W. Tracy Revocable Trust dated January 8, 1991	Matthew Avery	4296/457	6/27/2007
Grayson	Ilva Wilson, Ind and as Trustee of the JamesM. Wilson Jr and Ilva Wilson Family Trust	Matthew Avery	4297/46	6/27/2007
Grayson	Bobby C Wilson	Matthew Avery	4296/461	6/27/2007
Grayson	Peggy Ann Gehrig	Matthew Avery	4296/449	6/27/2007
Grayson	Thomas J. Wilson	Matthew Avery	4296/466	6/27/2007

County	Lessor	Lessee	Volume /Page	Effective Date
Grayson	Lee Marjorie Hooper	Matthew Avery	4296/454	4/27/2007
Grayson	Berdine Eberhart and Tom Eberhart	Matthew Avery	4296/441	4/27/2007
Grayson	Terry Lee Garofalo	Matthew Avery	4296/445	4/27/2007
Grayson	Anadarko E&P Onshore, LLC	Paradise Springs, LLC	5355/704	8/28/2013
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5274/698	3/15/2013
Grayson	PCP Trust, Phillip C. Brown, Trustee and Philip Charles Brown	Paradise Springs, LLC	5274/701	3/15/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5367/400	9/10/2013
Grayson	Norman D. O'Neal	Paradise Springs, LLC	5002/826	8/21/2011
Grayson	Wel-Mar Investments	Paradise Springs, LLC	5002/830	8/21/2011
Grayson	Philip C. Brown, aka Philip Charles Brown; PCB Trust	Paradise Springs, LLC	5002/834;838	8/21/2011

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:	§	
	§	
PAYSON PETROLEUM, INC.,	§	JOINTLY ADMINISTERED
MARICOPA RESOURCES, LLC	§	
PAYSON OPERATING, LLC,	§	Case No. 16-41044
	§	
DEBTORS.	§	Chapter 11

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL, L.P.,	§	Case No. 17-40179
	§	Chapter 7
DEBTOR.	§	

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL 2014,	§	Case No. 17-40180
L.P.,	§	Chapter 7
	§	
DEBTOR.	§	

AFFIDAVIT OF JASON R. SEARCY
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019

STATE OF TEXAS	§
	§
COUNTY OF GREGG	§

BEFORE ME, the undersigned authority, on this day personally appeared Jason R. Searcy, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Jason R. Searcy. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas, the United States Fifth Circuit Court of Appeals and the United States Supreme Court. I am the Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 ("Payson Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 and based on my best belief and information, the

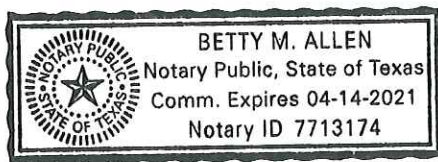
proposed settlement obtains for the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

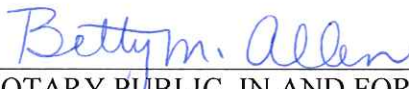
Further, Affiant sayeth not.



Jason R. Searcy
Payson Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this 20th day of Sept., 2017,
to certify with witness my hand and official seal.





NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS



**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE: PAYSON PETROLEUM, INC., MARICOPA RESOURCES, LLC PAYSON OPERATING, LLC, DEBTORS.	§ § § § § § §	JOINTLY ADMINISTERED Case No. 16-41044 Chapter 11
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IN RE: PAYSON PETROLEUM 3 WELL, L.P., DEBTOR.	§ § § § §	Case No. 17-40179 Chapter 7
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IN RE: PAYSON PETROLEUM 3 WELL 2014, L.P., DEBTOR.	§ § § § § §	Case No. 17-40180 Chapter 7
---	----------------------------	--

**AFFIDAVIT OF CHRISTOPHER J. MOSER
IN SUPPORT OF JOINT MOTION TO APPROVE COMPROMISE
AND SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

STATE OF TEXAS	§	
	§	
COUNTY OF DALLAS	§	

BEFORE ME, the undersigned authority, on this day personally appeared Christopher J. Moser, known to be the person whose name is subscribed hereto, who, having been duly sworn, did depose and on oath state:

My name is Christopher J. Moser. I am an attorney duly licensed to practice law in the State of Texas. I am admitted to practice in all courts in the State of Texas, the United States District Court for the Eastern District of Texas and the United States Fifth Circuit of Appeals. I am the Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. in Bankruptcy Case No. 17-40180 ("LP Trustee"). As set forth in the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 ("Motion") and based on my best belief and information, the proposed settlement

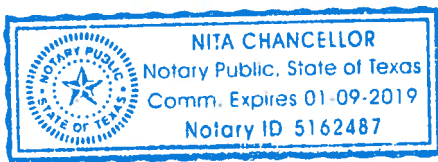
obtains for the estate the most effective recovery of greater value than that which could be obtained by other liquidation measures.

It is my professional opinion that the settlement agreement reflected in the Motion is in the best interest of the estate and comports with the settlement standards of *Protective Comm. For Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. Reh'g denied, 391 U.S. 909 (1968) and of *River City vs. Herpel*, (*In re Jackson Brewing Co.*), 624 F.2d 599, 602-603 (5th Cir. 1980). Accordingly, the settlement should be approved.

Further, Affiant sayeth not.


Christopher J. Moser
LP Trustee

SWORN AND SUBSCRIBED TO BEFORE ME on this 18th day of September, 2017, to certify with witness my hand and official seal.




NOTARY PUBLIC, IN AND FOR
THE STATE OF TEXAS

EXHIBIT D

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
PAYSON PETROLEUM 3 WELL 2014, LP,	§	Case No. 17-40180
	§	Chapter 7
DEBTOR.	§	

**AGREED ORDER GRANTING JOINT MOTION TO APPROVE COMPROMISE AND
SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019**

[Relates to Docket No. __]

Upon consideration of the Joint Motion to Approve Compromise and Settlement Pursuant to Bankruptcy Rule 9019 (the “Motion”)¹ between Jason R. Searcy, Chapter 11 Trustee for Payson Petroleum, Inc., Maricopa Resources, LLC, and Payson Operating, LLC in jointly administered Bankruptcy Case No. 16-41044 and Christopher J. Moser, Chapter 7 Trustee for Payson Petroleum 3 Well, L.P. in Bankruptcy Case No. 17-40179 and Payson Petroleum 3 Well 2014, L.P. (“Debtor”) in Bankruptcy Case No. 17-40180 for entry of an order (this “Order”) approving the Settlement Agreement; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue in this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that notice of the Motion and

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Settlement Agreement, as applicable.

1. The Motion is GRANTED as set forth herein.

2. The Settlement Agreement, a copy of which is attached as an exhibit to the Motion, is approved in its entirety as being fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and parties in interest, and is effective and binding on the Parties and all parties bound by this Order. It shall be enforced in accordance with its terms as if set forth fully in this Order.

3. Approval of the Joint Motion for Entry of Agreed Final Judgment and entry of the proposed form of Agreed Final Judgment in Adversary Proceeding No. 16-04106, styled *Jason R. Searcy, Chapter 11 Trustee v. Payson Petroleum 3 Well, L.P. and Payson Petroleum 3 Well 2014, L.P.* (as amended) as provided for in the Settlement Agreement is fair, reasonable and in the best interests of the Debtor, its bankruptcy estate and all parties in interest.

4. Upon consummation of the Settlement Agreement (i) fifty-five (55%) of the Suspended Revenues, (ii) the Operating Reserve (as those terms are defined in the Settlement Agreement), and (iii) the mineral interests assigned pursuant to the Subject Wells Assignment attached as an exhibit to the Motion, shall be property of the Maricopa Resources, LLC bankruptcy estate.

5. The 2014 LP Subject Claims Assignment and Participation Agreement attached as

7. A general unsecured claim of Payson Petroleum against 2014 LP is hereby allowed in the amount of Two Million Six Hundred Seventy-One Thousand Nine Hundred and 50/100 U.S. Dollars (\$2,671,900.50).

9. Upon consummation of the Settlement Agreement, Payson Petroleum shall own a fifty percent (50%) participation interest in the 2014 LP Avoidance Action Claims Net Recovery and the 2014 LP Partnership Related Claims Net Recovery as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement.

10. Payson Petroleum is hereby granted standing and authority to enforce and prosecute the 2014 LP Avoidance Action Claims and the 2014 LP Partnership Related Claims without further order of this Court. Payson Petroleum is hereby appointed the representative of the 2014 LP bankruptcy estate for purposes of prosecuting the 2014 LP Avoidance Action Claims and the 2014

LP Partnership Related Claims pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement.

11. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, or estoppel shall apply to the 2014 LP Avoidance Action Claims, 2014 LP Partnership Related Claims, or Payson/2014 LP Partnership Related Claims as those terms are defined in the 2014 LP Subject Claims Assignment and Participation Agreement by virtue of any parties' entry into the 2014 LP Subject Claims Assignment and Participation Agreement or this Order.

12. Pursuant to the 2014 LP Subject Claims Assignment and Participation Agreement and this Order, Payson Petroleum shall have exclusive authority to file suit, prosecute and settle the 2014 LP Partnership Related Claims, the 2014 LP Avoidance Action Claims and the Payson/2014 LP Partnership Related Claims. Payson Petroleum is under no duty to initiate any litigation or to take any action with respect to the 2014 LP Partnership Related Claims or the 2014 LP Avoidance Action Claims that in its judgment would not be cost justified.

13. The Debtor and all other Parties to the Settlement Agreement are authorized and directed to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to implement the terms of the Settlement Agreement without further notice, hearing or order of the Court.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.



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EXHIBIT

4

Invoice

Date	Invoice #
9/29/2017	1702856

BILL TO:

Snow Spence Green LLP
Attn: Rhonda Rackley
2929 Allen Parkway, Suite 2800
Houston Texas 77019

REMIT PAYMENT TO:

The Document Group
1010 Lamar, Suite 120
Houston Texas 77002



Ordered By	Terms	Rep	P. O. #/Client Matter
Janis Sherrill	Net 30	PC	SEAj1001

Quantity	Item Code	Description	Price Each	Amount
21,390	Digital Prints	B/W Digital Prints	0.07	1,497.30T
310	Mailout Services	Mailout Services, Large Envelopes	0.42	130.20T
310	Postage	Domestic Postage Applied	2.24	694.40T
		Sales Tax	8.25%	191.56
<div style="border: 2px solid red; padding: 10px; margin: 20px auto; width: 200px;"> <p style="text-align: center; color: red; font-weight: bold;">Approval</p> <p>Initial _____</p> <p>T-Code _____</p> <p>Client # _____</p> <p>Firm/Description _____</p> </div>				
PLEASE PAY FROM THIS INVOICE. THANK YOU FOR YOUR BUSINESS!			Total	\$2,513.46

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Houston, Texas 77002

Invoice

Date	Invoice #
9/29/2017	1702857

BILL TO:

Snow Spence Green LLP
Attn: Rhonda Rackley
2929 Allen Parkway, Suite 2800
Houston Texas 77019

REMIT PAYMENT TO:

The Document Group
1010 Lamar, Suite 120
Houston Texas 77002



Ordered By	Terms	Rep	P. O. #/Client Matter
Janis Sherrill	Net 30	PC	SEAj1001

Quantity	Item Code	Description	Price Each	Amount
46,240	Digital Prints	B/W Digital Prints	0.07	3,236.80T
340	Mailout Services	Mailout Services, Large Envelopes	0.42	142.80T
340	Postage	Domestic Postage Applied	3.29	1,118.60T
		Sales Tax	8.25%	371.10

Approval

Initial _____

T-Code _____

Client # _____

Firm/Description _____

PLEASE PAY FROM THIS INVOICE. THANK YOU FOR YOUR BUSINESS!

Total

\$4,869.30

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